FBIS DAILY REPORT

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ALFONSIN DISCUSSES NEW ECONOMIC MEASURES

PY281844 Buenos Aires Domestic Service in Spanish 1224 GMT 28 Jun 85

[Address by President Raul Alfonsin to high-ranking public officials in the Martin Coronado Hall of San Martin Palace -- live]

[Excerpts] Ladies and Gentlemen: A very important event has taken place in Argentina with the implementation of the economic measures announced on 14 June. We have called upon the people to make a titanic effort to overcome a crisis that has no precedent, and the Argentine people have responded en masse.

Today this program has been accepted by everyone. Today we have a nation united in its willingness to wage the great battle against inflation, the great battle seeking recovery and growth. Therefore, it would not be right to talk about a government program. In truth, it is a program of the Argentine people. The magnitude of the task is such that it transcends the government's capacity. We would head straight toward failure if the government were isolated or had to rely solely on its own strength. Either we all struggle together, or the country comes to a standstill.

In our great battle seeking recovery, the immediate objective is to curb inflation, do away with a spiral that was driving us to lose all sense of reality. Currency instability was also distorting our outlook and destabilizing our culture. The increasing number of zeros blurred the line between reality and hope, between what is possible and what is impossible. With monetary stability we will recover our ability to measure everything adequately. This will allow us to return to reality. From now on growth will mean real growth and not an addition of zeros on paper.

Beyond its contingent implications and consequences, the economic program we have implemented is part of a broader, ambitious, and necessary plan for our national community. It is a plan to rebuild the country, or should I say to build a new nation from the ashes of an old model of total crisis.

We should all be aware that the economic plan is also a morality campaign. This plan can only be successful if it is tackled, implemented, and instrumented observing moral standards. The country has lived for too long with the mistaken idea that morality and economy do not go together. We have witnessed too many economic reorganization plans that have been based on an immoral manipulation of the people seeking to serve sectarian interests. We strongly believe that our economic policy must be based on morality. We also believe that the Argentine people have become aware of the great difference between the morality of growth and the great immorality of stagnation, of the difference between the morality of an economy based on production and the immorality of an economy based on speculation.

A plan to streamline the economy based on moral standards should have continuity. The measures will be appropriate and will have a raison d'etre if they encourage a continuous and daily effort, a commitment by the people and the government to be persistent. Democratic Argentina cannot yield to the effects of an unprecedented crisis in its production sector.

We, Argentine citizens, have once and for all restored democracy, constitutional rule, and our republican institutions. We must now pull out of the darkness and backwardness. We now know that we are capable of defending ourselves. Therefore, let us show that we can adopt an offensive stance and build a new nation in a devastated land. This task cannot be achieved overnight. It cannot consist of spasmodic or overenthusiastic acts carried out either by the government or the citizenry.

Poverty still prevails in our country and no one can expect us to transform it by a simple act of goodwill or by unilateral government decision. It will take years to achieve the deep changes that the Argentine people seek. But, undoubtedly, it will take less time than the long years of decadence that were our common bond until yesterday. All of us together are going to set up a system that will distribute wealth to everyone, because a country that grows, that encourages investments, and that distributes fairly the profits of its production allows everyone to benefit from its resources. This is the concept of a participative democracy that we are building: a way of life in which everyone, within the framework of mutual respect and a civilized and pluralist coexistence, has the right to voice an opinion and make a decision, and also a right to build in the modern Argentina we are working for, in the Argentina that has rescued its moral values and its basic institutions, and projects them toward a better future. We are synthesizing a historic experience of frustrated projects, social movement, and various points of view that agree on the need to seek a better future. We are going to build a modern Argentina with democracy, liberty, and social justice.

Our country is not just faced with the requirements and implementation of a plan to streamline our economy. This unavoidable, priority plan is only part of the broader and also unavoidable plan to rebuild our national community from its foundation.

Everyone is fully aware of this. Everyone knows that we can no longer go on like this. We must rebuild the country and give it a new domestic production and social structure and must carve out a worthy and creative role within the international community.

The highly positive response from our people to our economic program reflects the high degree of awareness of the need and urgency to reorganize the very foundation of the nation. We must seek the path that will lead us to future of grandeur among the ashes of the old and exhausted model and the distortions to which it led. This grandeur should not stem but from the full and complete awareness of reality. We must be aware of who we are, what we have, what we want, and how we can achieve what we want in this complex world in which we live. It is a great responsibility, and each one must assume his share. It is a difficult but exciting task. It is a challenge stemming from our national pride. Many countries have not had the chance or have disregarded the opportunity to be reborn after a process of decadence and destruction. We must rise to the occasion and meet the challenge posed by this historic mission. The degree to which the people have responded to the efforts we ask of them is beautiful and beyond comparison.

The government has a major responsibility in this task, given its duties as leader and organizer. All Argentines must demand that we assume these responsibilities without any weakness or bias.

We must grow in order to hold an independent, participatory position in the world economic system. We must grow in a modern sense by rewarding those production sectors that have the most advanced technology and by introducing scientific and technological innovation into traditional sectors.

At this moment, the Argentine people demand and deserve the truth above all. To minimize the seriousness of our problems by making simplistic proposals almost represents treason. It represents a serious political dishonesty. Only the naive can believe that after all that has happened one can still engage in demagoguery or idle talk. If government actions lead to disagreements or doubts, then other actions should proposed. Rhetoric and hollow formulas have resulted in the squandering of our resources, even in a brain drain, to which authoritarianism has accustomed us.

Modern Argentina is in sight. We assert this, fully aware that we are experiencing difficult moments, moments that are going to test our capacity as people and as a nation.

We will be able to rise to the challenge that lies ahead of us if we act with greater efficiency and austerity. We must do more with less. But why do more with less? Because we must seek to balance our public accounts so that the government does not fuel inflation. We must adjust our expenditures to our resources, because the resources of the indebted and impoverished country we have inherited are scarce. Austerity must be our motto. Why do we have to do more? Because adjusting public accounts is not just a matter of doing an accounting exercise, matching expenditures with resources. What must be done is to try to increase the profitability of all government sectors, so that they can perform all their functions and meet all their obligations. Efficiency should be our objective.

The reduction of the fiscal deficit requires a reduction in spending. We cannot expect higher revenues and tariffs to solve this problem, especially now that we have instituted a price freeze. Spending must be reduced, but it must be fully understood that the reduction of the public deficit is a priority issue aimed at eliminating the fiscal deficit and at curbing inflation. Therefore, it is not a decision that seeks, through reducing expenditures, to rid the government of the role it should play in a modern society. Rather, it seeks to return to the government the ability to run the country's economy, to rescue it from the stagnation caused by inflation, to turn it into a tool for the economic reconstruction of the Argentine nation.

The reduction of the public deficit is not enough. We must also make firm progress in the rationalization and modernization of the government apparatus. If we do not do this, if we remain stagnant, we will be mortgaging our future, because we will be putting the government into a straitjacket of emergency measures from which it will eventually try to free itself, propelled by its own momentum.

The democratic government decided to make a decisive attack against inflation at all national levels, because it wants to keep its commitments to Argentine society. We must be quite clear on this point. Social awareness does not mean silently praying while the people proclaim their demands. Social awareness means resolving the problems that are affecting the people.

The economic program that has been implemented is the result of a government decision. At the time, we said that with or without the IMF, we were determined to struggle against inflation. This is what we are doing today, and we are doing it within the framework of an agreement with the IMF, an agreement that accepts our theories on how to conduct the struggle against inflation. For those who want to understand it, it is very clear that the prevailing economic program encompasses policy measures that are not normally included in the IMF programs. The government has conducted negotiations with the IMF. But according to its own convictions and beyond the discussion of the orthodoxy of heterodoxy of the program, the government has sought to enforce coherent economic measures that are in keeping with government goals.

Everyone is aware that a key point in this economic program is public spending. We must adjust public spending programs to this emergency situation. If we are unable to achieve discipline in our public spending and if we resort to issuing currency, then the strength of the new currency will be as ephemeral as those of the past. The decision we have made not to resort to printing money to meet public spending will be the golden rule of this administration, and each of us must see to it that this decision is upheld. We must be aware that any violation, any undisciplined action poses a serious threat to both the economic program and the political fate of the country itself.

I want to be emphatic on this issue. Those who do not understand the challenge we are confronting had better be ready to face the consequences, because there is no place for deserters in this battle that all of us are waging. The responsibility of public officials does not end in the effective and austere handling of public funds. They must also be motivated by a common spirit of goodwill, thus granting their support and (?unity) to the administration.

The path has been outlined. This is not the proper time for differences of opinions or disagreements among public officials, because we cannot undermine the honesty of government actions.

A country that is economically healthy is one that has achieved the maximum degree of coherence between the so-called job sources and production sources, that is, a country that has achieved a highly productive social work program. Because of economic distortions, we can say that Argentina has achieved the highest level of nonproductivity within both the job and production sectors. We must expand to the maximum all productive jobs and decrease to the minimum nonproductive work.

Where is this nonproductive work concentrated? To a great extent it is concentrated within the government. It is within the government that the concentration of nonproductive work has reached alarming levels. An unavoidable requirement of any economic recovery process calls for a redistribution of jobs that will reduce the size of the public administration. We are determined to carry out this plan, basing it on the redistribution of tasks and not on massive layoffs.

For reasons of survival, state-owned enterprises must be modernized and their productivity must be improved. This priority task presupposes that production companies must increase their profits so that they may achieve financial independence without resorting to the aid of the national treasury. This calls for a more fluid interrelationship between state-owned enterprises and the productive sector through improved product quality and increased production capacity. It is through the adoption of more intelligent programs and fewer investments that state-owned enterprises will be able to grant better service and help to achieve the well-being of the people.

The national government and state-owned enterprises purchased products from the private sector for over 3 billion australes per year. If we are able to control these purchases, rationalize them, and coordinate them, we will achieve a substantial decrease in public spending. It is for this purpose that the government has established an advisory committee that will control government contracts, which will be in force as of the first week in July.

So that these objectives may be fulfilled, we will resort to a mechanism of punishment and reward. Those who are responsible for state-owned companies will comply with the commitments that the government assumes today. At this time, your president needs your immediate and effective support. I have gathered you here today because I am sincerely convinced that each of you will be a pillar of the great task of reconstructing the country.

ECONOMY MINISTER ON ANTI-INFLATIONARY PLAN

PY290359 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1445 GMT 28 Jun 85

[Text] Buenos Aires, 28 Jun (NA) -- Economy Minister Juan Sourrouille today stated that the conditions of the Argentine economy in the coming months "will be tough," since "we have been having difficulties" in the economic field; however, I am confident that by means of the new anti-inflationary program "we will instill new hope" of overcoming the crisis. Sourrouille stated that "we still have been unable to tame inflation," and that it will take "a hard and painful process over a long period of time" to achieve that goal. In addition, Sourrouille stated that the government "must be as careful as possible" in the implementation of the new economic measures so that "the operation is equitable and respects the working conditions of the workers."

The economy minister made these comments in a speech he delivered to open a meeting that President Raul Alfonsin held with more than 1,000 public servants, whose grade is above 24, to report on the scope of the new anti-inflationary program.

The speech took place in the Martin Coronado Hall of the General San Martin Theater. In attendance were, among others, the new ministers: Secretary General of the Presidency German Lopez, Energy Secretary Conrado Storani, Foreign Trade Secretary Ricardo Campero, Planning Secretary Bernardo Grinspun, and Economy Secretary Mario Brodersohn. The meeting started at 0900 with an impromptu speech by the economy minister, who emphasized that "we, the government officials, must sharpen our wits and our imagination to achieve an efficient salary and price freeze, which "is part of the collective operation" that is being implemented since the new economic program was announced. Sourrouille added that "the conditions in Argentina in the coming months will be tough. We have been having difficulties but now we are instilling new hope," he said.

Sourrouille stated that, economically "the foreign situation" "is stabilized" but the domestic situation "thus far has created conditions which have made the inflation problem uncontrollable." Therefore Sourrouille stated that "the effectiveness of the public finances" has become "a necessary condition." Yet, he stated that "the rearrangement of the public sector," which is part of the new anti-inflationary program, "will be a tough operation." On the other hand, Sourrouille noted that "there is a commitment not to ask for funds from the Central Bank." He added that the government "will not continue financing itself using credits" from the Central Bank.

Sourrouille stressed the need for the efforts of the public sector to be strengthened through the new economic measures and not "slowed down." In that regard, Sourrouille emphasized that an effort must be made "to recover management ability by exercising power and through improved public action, which is essential to balancing public finance." Sourrouille stated that for many years "society has lived with inflation and, as a legitimate defense or as an adaptation, the elimination of the indexes [desindexacion] was made part of our national way of life."

"In our effort to achieve a drastic reduction of the inflation rate, a mechanism must be found to do away with the elimination of the indexes without raising social conflicts," Sourrouille stated. Sourrouille added that "without such a mechanism, a swift, just, and equitable one to curb the unending growth of the inflation rate, the economic transactions "would be untenable." Sourrouille also stated that, concerning the implementation of the economic changes, "another problem" for the authorities "is the expectations of society." The freeze on prices and salaries is not our goal but an instrument to achieve the basic goal, "which is a reduction in the inflation rate," Sourrouille concluded.

ALFONSIN'S FORCED SAVINGS BILL GOES TO CONGRESS

PY290011 Buenos Aires BUENOS AIRES HERALD in English 28 Jun 85 p 11

[Text] (NA) -- The forced savings bill promised by President Raul Alfonsin last April went to Congress last night. The bill would affect persons and companies which pay capital, assets, and profits taxes. In a foreword to the bill Alfonsin said the forced savings will "tap revenue from the sectors of society that are most able to contribute." The savings will not be a permanent contribution to the state, but will be returned, along with interest based on the annual inflation rate, after a two-year period.

PRICE FREEZE REPORTEDLY TO LAST UNTIL MARCH 1986

PY302020 Buenos Aires BUENOS AIRES HERALD in English 30 Jun 85 p 2

[Text] (NA) -- The government intends to continue the wage-price freeze until next March, an alleged International Monetary Fund (IMF) telex published in LA PRENSA said.

According to LA PRENSA columnist Jesus Iglesias Rouco, the telex was sent by IMF Director Jacques de Larosiere to the steering committee of Argentina's creditors.

The telex dated June 7 also said there will be big increases in public service hikes and taxation as well as cuts in public-sector wage expenditure. The tax increases are allegedly to be with or without the approval of Congress, taking decree form if necessary.

The purported document also mentioned a free exchange rate and gave the same target figure for the budget deficit as in the government's present economic plan -- namely, 2.5 percent of the gross domestic product (GDP) or 1.65 billion dollars. There is to be no increase in credit for the private sector in the first stages of the plan, according to the LA PRENSA leak.

ECONOMY OFFICIAL DENIES NEW ISSUANCE OF CURRENCY

PY282321 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0315 GMT 28 Jun 85

[Excerpt] Buenos Aires, 27 Jun (NA) -- Jorge Elorza, chief of the team of advisers of the Economy Ministry, tonight denied that the government is planning to issue currency next month in order to supply the funds necessary to pay the salaries of public servants. Elorza stated that the government will keep its promise "not issuing any more currency without backing in order to simply to finance state deficits."

FOREIGN MINISTER CAPUTO DEPARTS FOR SPAIN

PY282139 Buenos Aires TELAM in Spanish 2011 GMT 28 Jun 85

[Text] Buenos Aires, 28 Jun (TELAM) -- The airplane carrying Foreign Minister Dante Caputo to Spain departed at 1700 from Ezeiza International Airport. The minister arrived at the airport by car and went directly to the waiting aircraft. He made no statements.

Caputo is making this trip in keeping with an agreement which Argentine and Spanish foreign ministers signed last year, which provides that the two foreign ministers meet twice a year. Foreign Ministry Press Chief Albino Gomez explained that Caputo's trip has nothing to do with the Guglieiminetti affair and did not rule out a possible meeting between Caputo and the Spanish head of state, Felipe Gonzalez. He said that although it is not on the agenda, anything is possible.

Stops Over in Rio

PY292038 Buenos Aires TELAM in Spanish 1437 GMT 29 Jun 85

[Text] Buenos Aires, 29 Jun (TELAM) -- Foreign Minister Dante Caputo will continue his trip to Spain tomorrow. A source from the Foreign Ministry told TELAM today that upon feeling ill at the Rio de Janeiro Galeao Airport, the foreign minister suspended his trip. The source revealed that Caputo did not feel well yesterday when he left Buenos Aires, and since his condition had not improved in Rio de Janeiro, he decided to stay and rest there today and to continue his trip tomorrow.

Reportage on Trip

For Madrid coverage of the visit to Spain by Foreign Minister Dante Caputo, including meetings with his Spanish counterpart Fernando Moran, see the Spain section of the 1 July Western Europe DAILY REPORT and subsequent issues.

ELECTION DATE NOT POSTPONED: MNRI PROTESTS

PY281500 La Paz Cadena Panamericana in Spanish 0000 GMT 28 Jun 85

[Excerpts] Following press reports that the National Electoral Board has requested the postponement of the national elections scheduled for 14 July because of the delays being caused by the strikes and stoppages taking place in the country, Panamericana consulted the proper authority on this matter, Senator Julio Garret Ayllon, the Congress president. If the press reports are correct and a postponement of elections has been requested, only the Congress could authorize such a dealy. [recorded passage indistinct]

Garret Ayllon denied the press and news agency reports that the National Electoral Board has requested a postponement of the elections. [recorded passage indistinct]

In turn, Nationalist Revolutionary Movement of the Left [MNRI] leaders Jaime Paz Zamora and Alcides Alvarado have held a press conference to denounce some situations in the electoral process that their party considers irregular. The remarks the MNRI leaders made seem to suggest that there should be a postponement.

[Begin Alvarado recording] [Passage indistinct] We have called this press conference because we want the National Electoral Board to give a timely and reasonable explanation in reply to the objections made by my party. We are not seeking a postponement of the elections, but we want to state publicly that we do not want to be partners in a crime that has the appearance of an [word indistinct] electoral fraud. [end recording]

Alcides Alvarado expressed his distrust of the way the National Electoral Board is organizing the elections, pointing out that it is impossible for the court to distribute all the voting material to all the Bolivian districts in the 13 days before the elections.

ARMY OCCUPIES DOWNTOWN SUCRE; STOPPAGE CONTINUES

PY282015 Buenos Aires TELAM in Spanish 1827 GMT 28 Jun 85

[Excerpts] La Paz, 28 Jun (TELAM-REUTER-EFE) -- Because of the tense and rather chaotic situation, and to avoid additional acts of violence, the Bolivian Army early this morning occupied the downtown area of the city of Sucre, Chuquisaca Department, where the stoppage that began 4 days ago there and in Santa Cruz as well, continues.

The situation became even worse when the National Electoral Board formally requested that President Hernan Siles Zuazo postpone the general elections called for 14 July 1985 because of the serious problems caused by the strikes being staged throughout the country.

However, the government is insisting on maintaining the date of the general elections, regardless of the formal petition submitted by the National Electoral Board.

The board's request states that although it is technically possible to hold the elections on schedule (14 July), the labor and political problems prevailing in Bolivia have convinced it to study emergency measures and the possibility of setting a new date. The board claims that the main reason for the postponement is the delay in voter registration, which according to the electoral timetable should conclude on 25 June.

It adds that difficulties in transportation, the lack of funds, and the demands of the notaries who are refusing to hand over electoral books unless they are granted a salary increase make it believe that the registration will not conclude until the beginning of July 1985.

As of this date, the number of registered voters is not known. According to preliminary estimates, voters reportedly represent 80 percent of the overall population, but the Peasants Union Confederation has reported that 60 percent of rural workers have not registered. This delay in the registration has created unsolvable delays in the designation of the electoral jurists, in organizing the boards for voting places, and in correctly distributing ballots, the court states.

According to its spokesman, Marcelo Cespedes, the board is facing an absolute lack of funds because of the 10-day bank employees strike, to the extent that members from Beni Department have presented their collective resignation because their salaries have not been paid. The situation is so serious and at times so chaotic that there are fears that it could undermine the stability of the Bolivian democratic process.

Cardinal to Mediate Conflict

PY282022 La Paz Cadena Panamericana in Spanish 1700 GMT 28 Jun 85

[Excerpts] We have a last-minute report on the conflict in the capital of the Republic [Sucre].

[Begin report] This is Radio Panamericana reporting from Sucre:

Listeners, we can report that here in the capital and the provinces surrounding it the stoppage is continuing, while the people, who are in a state of anxiety, have obtained the agreement of Cardinal Clemente Maurer to become the mediator. We have been in the office of the cardinal, who contacted President Siles 10 minutes ago. We will objectively report this event in the cardinal's own words.

[Begin recording] This morning I was pleasantly surprised by a telephone call from the president, who named me mediator between the government and the people here. I also received a telex from La Paz, from the president himself, which I will also read. The telex says:

I ask you to communicate to the noble people of Chuquisaca that I fully support the agreement signed by Ministers Justiniano, Belmonte, and Moscoso. I also fervently ask divine providence to inspire you in your task as mediator, in which you are fully supported by the democratic government and the Bolivian people, who are anguished by the deplorable events that occurred yesterday. Affectionately, Hernan Siles Zuazo, constitutional president of the Republic.

This is the reply we are now sending to the president:

To His Excellency, President Hernan Siles Zuazo, La Paz:

I express my thanks for your personal intervention according to your latest telex in which you approve the agreement between the government representatives and the Sucre Civic Committee. I ask Your Excellency to maintain your trust in the Chuquisaca Civic Committee, which has shown at all times responsibility and restraint, without any political aims. Once you have expressed your agreement, (?I will ask) the committee to order the lifting of the strike measures. With my respect and blessings, Jose Clemente Maurer, cardinal. [end recording] [end report]

The government deplores the events that have occurred in Sucre and ascribes them to the aspirations of small antidemocratic groups that are trying to thwart the electoral process. Information Minister Percy Camacho has reported the concern of the government and the president over the regrettable events that have taken place in Sucre. The president's concern has caused him to send a new commission to the capital to find a final solution to the problem.

The indefinite general stoppage decreed by the civic institutions of Chuquisaca Department continues. The board of the Civic Committee of the department was studying, at the closing of this newscast, new actions to put pressure on the government to attend to the claims of the department. The meeting was also attended by members of the Sucre Press Workers Union. Meanwhile, the main square in Sucre is cordoned off by Army personnel stationed in this city.

Strike Lifted

PY291615 La Paz Cadena Panamericana in Spanish 1130 GMT 29 Jun 85

[Excerpt] The Chuquisaca strike was lifted last night at approximately 2230.

[Begin report from Sucre] Precisely at 2145 last night, the Chuquisaca Civic Committee issued a 4-point document ending the conflict and stoppage that have been prevailing in the capital of the Republic and in the provinces. Today, all activities have returned to normal in Chuquisaca Department. [end report]

PRIVATE BUSINESSMEN OPEN 'EMERGENCY ASSEMBLY'

PY282048 La Paz Cadena Panamericana in Spanish 1700 GMT 28 Jun 85

[Excerpt] The emergency assembly, called by the Bolivian Private Businessmen's Confederation, has been opened. Delegates from the country's interior are deliberating in the assembly hall of the National Industrial Chamber. The assembly intends to thoroughly study the threats facing the free activities of business as a result of government decisions, which it contends violate the Constitution. The main topics on the agenda of the assembly are: the takeovers of the Sheraton and Crillion Hotels and the nationalization of the Totoral mine which used to be the property of the Orlandini Mining Company.

The assembly opened with a speech by (Jose Antonio Ursi), acting president of the Bolivian Private Businessmen's Confederation. In his speech (Ursi) made a proposal: At a time when there are dangerous and increasing rumors that the elections will be postponed, and with them also the hopes of a people anxious to see better times, I believe it is incumbent upon this special assembly to call on all truly democratic political parties to conclude a political pact of a very great civic and patriotic high-mindedness, aimed at unswervingly defending the current institutional process, the full validity of constitutional guarantees.

PRESIDENT DISCUSSES CABINET, EASTER ISLAND

PY290247 Santiago Domestic Service in Spanish 1730 GMT 28 Jun 85

[Text] President Augusto Pinochet has announced that next July or August the government plans to give a bonus to people with low pensions. He also denied rumors about possible cabinet changes, indicating that the cabinet is working very well. The president made this statement during a meeting with journalists accredited to Government House. Important current issues were discussed. Regarding the economic situation, the president said that he is the first one to regret the country's economic situation and that he is aware of it.

Pinochet said that the country is suffering an economic contraction; this, he said, means that people cannot have everything they want. He added that the government has the obligation to try to help to ease the burden. The protective social measures and the Social Assistance Secretariat seek to do this. The president then announced that next July or August the government plans to give a bonus as compensation to people with low pensions, and that the same bonus will be given again in September and October. The president added that teachers also fall into this category, and that they should also be helped, due to their low salaries and the importance of their jobs.

The journalists asked the president about the latest rumors of cabinet changes. The president denied the rumors. He said that the cabinet is firm and working well. He added: I am very pleased with the way the interior minister and the minister secretary general of government interpret my wishes.

Asked about some of the investigations into kidnappings and other crimes, the president said that the government's greatest desire is to clarify these cases. He added that the government has always given the greatest support to the judicial branch which is an independent organization that the government respects.

Another issue discussed was the extension of the Easter Island airport. In this regard the president said that Chile sees no problem in extending the airfield because it is of interest not only for the landing of space shuttles but also for any type of modern airplane. He added that extending the airfield means better air facilities and communications system, and that this is why he has given instructions to the foreign minister to begin talks with the U.S. Government. The president explained that the NASA request is not for a military base or anything of the sort. He added that some politicians are trying to make this issue a political problem.

In conclusion, the president responded to criticism by some sectors of the statement he made in Arica that groups like the National Vanguard opposition should grow throughout the country. He said: I would like to emphatically point out that I do not have a party; my party is Chile, nothing else counts.

PINOCHET URGES YOUTH TO BUILD, DEFEND NATION

PY281405 Santiago Domestic Service in Spanish 2300 GMT 27 Jun 85

[Text] During a ceremony held in the Diego Portales building, President Pinochet called on youth to fight for Chile. He recalled that the 11 September 1973 military action was carried out to save the young people from slavery.

[Begin recording] One night my wife asked me to accompany her to our nephews' bedroom. I found her request strange but I went along with her. I found my two nephews were sleeping.

My wife then said: These children are going to be slaves because you have not made a decision. I remained silent for a moment, and I then said: Trust your husband. These children are not going to be slaves. Indeed, on 11 September, along with the Army and other institutions, we broke the chains that were binding us to the Soviet wagon, and Chile regained freedom. It did not regain freedom for those old politicians who are bothering us. We regained freedom for you, for the Chilean youth. [applause] [end recording]

Pinochet added that the destiny of Chile is in the hands of the young, that youthful dynamism should not degenerate into violence or false doctrines. He said that when he sees young people in small groups creating disturbances and causing destruction, he realizes that vicious politicians incite the young people, who have not lived through the years of tyranny and cruelty that the older people have experienced.

[Begin recording] First let us look at Chile. Let us look at the development of the nation. Let us search for a way to provide for those who have little. Let us search for a way to improve the standard of living. Let us search for a way to make this country greater through work. I am demanding this of university students, because I want those who graduate from universities to become real professionals and not political opportunists who preach certain doctrines because they make money out of them. [applause] [end recording]

President Pinochet called on the students to fight for Chile. He said: We have freedom, we have democracy as a way of life. What we want now is a well-defined country with a constitution to prevent it from falling again as it did in 1970. Then, in response to the appreciation expressed by the students, Pinochet talked about the peace and friendship treaty with Argentina.

[Begin recording] Regarding the peace and friendship treaty with Argentina, I would like to repeat that the youth were a factor that gave me strength, because I know as a former soldier that a war means the loss of three, four, five, six generations, not to mention its other consequences. You were my strength, and I have hope. We have to work, because tranquillity prevails. Why do we have to work? We have to work for Chile, as I have said so many times. Let us work for Chile, only for Chile and not for political parties, which are only interested in money. Thank you very much. [applause] [end recording]

Pinochet was applauded several times during his improvised speech. An announcement also was made during the ceremony that 3,000 new scholarships have been created, thus increasing the total number of scholarships to 8,500. The scholarships are a stimulus and aid to students who are ambitious and who have outstanding academic records.

The ceremony was attended by Mrs Lucia Iriart de Pinochet, Interior Minister Ricardo Garcia, Minister Secretary General of the Government Francisco Cuadra, under secretaries, and other high-ranking officials.

MATTHEI ON STATE OF SIEGE, NASA PROJECT

PY291218 Santiago Domestic Service in Spanish 1730 GMT 28 Jun 85

[Text] Air Force Commander General Fernando Matthei has made important comments on the state of siege. We have a report by Mario Reyes from Talagante.

[Begin report] Gen Matthei this morning said that he does not agree with the enforcement of the state of siege. He made this statement at the conclusion ofa ceremony during which he dedicated a house for the aged here in Talagante.

Regarding the U.S. presence on Easter Island, he pointed out that it does not involve a problem of sovereignty for Chile, because the Chilean Air Force zealously defends national sovereignty, that the idea of relinquishing sovereignty by merely extending an airfield 500 meters is absurd, and that recent accusations are groundless. Gen Matthei reiterated that the Chilean Air Force supports the Easter Island project, because there is no sovereignty problem involved. Gen Matthei referred to the position of Chilean groups on whether it is legitimate to extend the Easter Island airfield. He said that their position is groundless, because they cannot oppose something that has not yet been concretely discussed.

Regarding terrorist actions, Gen Matthei emphatically pointed out that terrorists will be active in Chile whether or not there is a state of siege. He added that the majority of the Western nations affected by terrorism and Chile should join forces to face this new scourge of humanity. In reference to the recent acts of violence, Gen Matthei said that the Chilean people should be alert, because generally speaking Chileans are careless in the face of terrorist actions. In conclusion, Gen Matthei criticized the actions being carried out by the judicial branch by saying that those who committed barbaric crimes must face justice without exemptions from wherever it comes and that they should be condemned by all Chileans. [end report]

CENTRAL BANK ANNOUNCES AGREEMENT WITH CREDITORS

PY291207 Madrid EFE in Spanish 2258 GMT 28 Jun 85

[Text] Santiago, 28 Jun (EFE) -- The Chilean Central Bank today announced that complete agreement has been reached with the international banks on the foreign debt. The Chilean foreign debt amounts to $20 billion, of which $12 billion were contracted by private enterprises. The current negotiations were aimed at obtaining new money and rescheduling the payments that fall due between 1985 and 1987, amounting to $5.932 billion. The Central Bank reported that the agreement will supply the necessary funds (new money) to go ahead with the economic development program and will make it possible to reschedule payments due between now and 1987. The official report stated that new resources amounting to $1.955 billion will be obtained from international banks ($1.385 billion), the World Bank ($400 million), and other international financial organizations ($170 million). The amount supplied by international banks will be made up of credits amounting to $1.085 billion, of which $150 million have the backing of the World Bank and $300 million result from an improvement in the terms of contracts currently in effect. The agreement provides that the money supplied by the international banks must be repaid in 12 years, with a grace period of 5 years. The Central Bank also reported that the international banking community has been asked to cooperate by granting a 180-day extension for the payments due between 30 June and 31 December 1985 for credit granted 31 January 1983.

U.S. EFFORTS TO CURB COPPER PRODUCTION REJECTED

PY290307 Paris AFP in Spanish 2105 GMT 28 Jun 85

[Excerpt] Santiago, 28 Jun (AFP) -- The Chilean Mining Ministry indicated in Santiago today that Chile will reject any efforts at making it cut back its production of copper. Chile is currently the major exporter of this metal with an annual output of more than 1 million metric tons of copper. The proposal that Chile and other large world producers of copper (Peru, Zaire, and Zambia) reduce their output is part of a draft bill which has been approved by a committee of the U.S. House of Representatives.

SITUATION IN SANTANDER TERMED 'VERY DELICATE'

PA271941 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 25 Jun 85

[Excerpt] Bogota -- Santiago Police Commander (Italo Cotrino Romano) has described the public order situation in Santander Department as very delicate, just as in other regions of the country.

Referring to dynamite attacks in which 12 policemen under his command were killed in the past few hours, he said that his forces and Cucuta military troops began a pursuit of the National Liberation Army [ELN] members who were responsible for the incident. Fifteen other policemen were seriously injured in these attacks.

ECOPETROL OFFICIAL MURDERED BY KIDNAPPERS

PA271915 Bogota Television Service in Spanish 1730 GMT 27 Jun 85

[Text] Samuel Shneider, Colombian Petroleum Enterprise [Ecopetrol] assistant administrative manager, has been murdered by kidnappers. His body was found on the La Vega farm that belonged to Shneider and four other Ecopetrol officials. Shneider was kidnapped while at La Vega farm, San Vicente De Chucuri corregimiento, and a 15-million pesos ransom was demanded, an amount that his family was not able to raise. His murder, apparently by common criminals, has caused much sorrow in Barrancabermeja and throughout Santander Department, where Shneider was loved and where he had worked for 24 years for Ecopetrol. His death has been repudiated throughout the country.

NOTES EXCHANGED WITH USSR ON ANNIVERSARY OF TIES

PA271938 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 25 Jun 85

[Text] Bogota -- Colombia and the Soviet Union have described their relations as an example of the beneficial effects of peaceful coexistence and mutual cooperation. On the commemoration of 50 years since the establishment of diplomatic relations, the governments of the two nations exchanged messages to express satisfaction over these ties.

Bentancur sent a message to the leaders of the Supreme Soviet Presidium recalling that Colombia was one of the first Latin American countries to establish diplomatic relations with the USSR. He noted that it is the wish of Bogota authorities to bring the ties closer and consolidate peace and international security.

In its response, the Supreme Soviet Presidium told Betancur that the cooperation between countries is important, even though they have different social systems.

CITE, SUTEP WORKERS CLASH WITH POLICE IN LIMA

PY282229 Lima Radio del Pacifico in Spanish 1300 GMT 28 Jun 85

[Excerpts] Yesterday, striking Inter-Sectorial Confederation of State Workers [CITE] workers, who are in the 10th day of their strike, were involved in one of the most violent clashes ever seen in downtown Lima. In the pre-dawn hours, a group of CITE workers took over the main building of the San Marcos University to demand better salaries.

Moreover, about 10,000 demonstrators caused a serious traffic jam in downtown Lima. The demonstrators were headed by a delegation of miners from (Rio Pallanga) who came along with their wives and children. Demonstrators, who were marching toward the Congress building, and the police were involved in violent clashes on Avenues 28 de Julio, Garcilazo de la Vega, and Abancai. Moreover, the Civil Guard Special Service Unit prevented demonstrators from proceeding with their march at the Castilla Plaza, which is behind the Economy and Finance Ministry building. At that time, CITE Secretary General Raul Caballero headed a hit-and-run demonstration during which he urged workers to continue with the measures of force until their salary demands are met.

Peruvian Prime Minister Luis Percovich has announced that all necessary measures will be implemented to prevent CITE and Sole Trade Union of Education Workers, SUTEP, workers from promoting violent actions. Percovich, who said that the CITE and SUTEP strikes are politically motivated, made this statement at the opening session of the extraordinary meeting of the board of the Latin American Comptrollers Institute [Consejo Directivo del Insituto Latino Americano de Ciencias Fiscalizadoras] which was held at the national comptroller's office and which was attended by representatives from 14 countries.

EDITORIAL VIEWS TIES WITH USSR, FISHING DEAL

PY291359 Lima LA REPUBLICA in Spanish 11 Jun 85 p 12

[Editorial: "Fisheries: Making Holes in Our Foreign Relations Net"]

[Excerpts] Last weekend the Soviet Foreign Ministry lodged a diplomatic protest with our embassy in Moscow over the embargo on Soviet ships in our ports. Thus, this commercial friction has developed into an international incident, the first in our more than 15 years of diplomatic relations with the Soviet Union. With a month to go before the government changeover, it is difficult to believe that those who triggered this problem did so without taking the consequences into consideration.

In any case, the effects of ill-advised zeal have harmed Peruvian interests. Despite the criticism of top-ranking government officials, the embargo on the Soviet ships is continuing. Three of the ships originally embargoed still cannot sail. Two of these ships, which are factory ships, have been prevented from sailing because the Public Enterprise for Fishing Services [EPSEP] states that the fish stored in their holds belong to the Pacifico Fishing Company, Inc [Pesquera Pacific SA] and that they must be used to cancel out the 4,000 tons of fish the latter owes EPSEP.

The fact that the Soviet fleet, whose legal ties with the Pacifico Fishing Company, Inc expired on 19 May, has no responsibility in this case seems to be quite clear (LA REPUBLICA, 31 May 1985), but not clear enough for the overzealous watchdogs at the Fisheries Ministry. Sometime ago, the Soviet fleet managed to come up with a compromise to solve the problem, namely that the effectiveness of the Mercury Contract, which is still in effect, be extended so that the Pacifico Fishing Company, Inc can meet its commitments to EPSEP.

This proposal apparently was not satisfactory.

By virtue of this incident over the Soviet ships, the country arrives at the transfer of power with bad relations with both superpowers. One does not have to be a bright clairvoyant to understand that the problem with the Soviet Union will have repercussions, unless it is quickly solved, on Peruvian negotiating capabilities vis-a-vis the foreign debt in Washington; not to speak of the effect this incident may may have on the existing agreements with the USSR in several areas of interest for Peru.

Besides the agreement to partly settle our debt with products, Peru has agreements with the USSR on the supply of equipment and machinery (not only weapons), on the sale of nonferrous metals, and on fishing. Less than 2 weeks ago, Peru signed a cultural agreement that benefits thousands of scholarship holders and former Peruvian students in the USSR. In addition, we are maintaining a system of yearly mutual consultations prior to the meeting of the UN General Assembly.

All this is being checked by a groundless claim over 4,000 tons of fish. The disproportion is obvious. The intention behind it may be hinted. Unless an expeditious political solution is found for this problem, it will drag on in our courts for a long time, thus eroding all the assets achieved in our bilateral relations with the USSR. This also will not improve our relations with the United States. On the contrary, this will weaken us even more and will make even more difficult our negotiations in the northern country.

Peru needs its relations with the Soviet Union for the same principles of greater autonomy that make relations with the United States essential for countries like Romania and Yugoslavia, for example.

FOREIGN MINISTRY ANSWERS SOVIET DIPLOMATIC NOTE

PY292150 Lima Cadena Panamericana Television in Spanish 0300 GMT 29 Jun 85

[Text] Fisheries Minister Ismael Benavides has reported that the Foreign Ministry has replied to a diplomatic note from the Soviet Union, establishing the terms of the contract between the Public Enterprise for Fishing Services and the El Pacifico Fishing Company. The terms state that this agreement is strictly a commercial affair. Benavides said that it is, therefore, up to those companies to settle the problem which was the origin of the embargo of several Soviet fishing ships operating in Peru.

PARTIES PLEDGE NO VIOLENCE DURING 7 JULY POLLS

PA300031 Mexico City XHDF Television Network in Spanish 0300 GMT 29 Jun 85

[Text] The nine political parties represented at the Federal Electoral Commission [CFE] today signed a political pledge saying that there will be no violence in the upcoming elections. During the CFE session, Secretary of the Government Manuel Bartlett Diaz said that Mexico wants peace and that elections with violence would benefit no one. He asserted that there is freedom in Mexico, where there are no signs of violence. He added that Mexico will have clean elections. Bartlett Diaz said that, rather than resorting to public force, the citizens' will should prevail and that the elections should reflect the Mexicans' political maturity. During the meeting, the Mexican Democratic Party said that outrages are not justified and that, therefore, the political pledge is a full guarantee for the people to cast their votes en masse on 7 July.

In addition, the national voter registration office has announced the elimination of 543,309 entries. The total number of voters for 7 July will be 35,278,369 citizens. Jose Newman Valenzuela, national voter registration director, has indicated that the elimination of more than 500,000 entries is due to the fact that these citizens died between 1982-85.

FAVORED TRADE STATUS ESTABLISHED WITH CUBA

FL282005 Mexico City NOTIMEX in Spanish 0305 GMT 28 Jun 85

[Text] Mexico City, 27 Jun (NOTIMEX) -- According to the Mexican Foreign Trade Institute (IMCE), Mexico and Cuba will offer each other the status of favored nations through the implementation of a partial trade agreement that grants both nations preferences that are between 25 and 75 percent lower than the duties established for other countries. According to a recent bilateral trade agreement, they will give preference and advantages to their products over those of third countries. Additional import taxes such as the invoice value tax, and other general taxes and surcharges will still have to be paid.

With the opening here of the second exhibit of Cuban products, Expo Cuba-85, a few days ago it became evident that it is possible to triple current trade levels. According to IMCE, both Cuba and Mexico have established credit lines for the purchase of those products that will benefit from the agreement. In Cuba's case, its national bank has opened a $20-million credit line for Mexico's National Foreign Trade Bank (Bancomext) to finance the purchase of primary products, raw materials, manufactured products, services, and capital goods manufactured here, with the exclusion of sugar and its by-products. Operations lasting up to 1 year can be financed 100 percent; those taking longer, 85 percent. The minimal amount required per operation involving primary products, raw materials, and manufactured products is $1,000, and $5,000 for those involving services and capital goods.

In Mexico's case, Bancomext has opened a $150-million credit line for the National Bank of Cuba in order to finance the purchase of Mexican primary products, raw materials, manufactured products, services, and capital goods. Operations of up to 1 year can be financed 100 percent, and those extending over long periods, 85 percent. The minimal sum required per commercial operation will be $1,000.

Mexican export companies or businessmen interested in conducting commercial negotiations with Cuba will more easily have a chance to see what Cuba can export and obtain information about Mexican exports. Expo Cuba-85, which will close tomorrow, Friday, includes mining, iron and steel, sugar, pharmaceutical, tobacco, fishing, construction, handicraft, textile, and manufactured products.

NICARAGUA'S RAMIREZ MERCADO ARRIVES FOR TALKS

PA270058 Paris AFP in Spanish 2222 GMT 26 Jun 85

[Text] Caracas, 26 Jun (AFP) -- Nicaraguan Vice President Sergio Ramirez Mercado arrived in Caracas this morning to discuss the Central American problem with Venezuelan President Jaime Lusinchi. Venezuelan Foreigh Minister Simon Alberto Consalvi, who met the Nicaraguan vice president, stated that his visit responds to contacts made by the Contadora Group presidents, who are seeking to reactivate the Group's actions in favor of peace in Central America.

CONSALVI SAYS CONTADORA GROUP ONLY PEACE OPTION

PA271918 Caracas Television Service in Spanish 1600 GMT 25 Jun 85

[Text] Foreign Minister Simon Alberto Consalvi has remarked that the Contadora Group continues to be the main avenue through which agreement can be reached on the situation in Central America. Consalvi said that Venezuela is conscious of the role the Contadora Group has played and continues to defend its principles, not only because it is a member of the Group but because it believes in freedom and democracy.

[Begin Consalvi recording] We will persist in this effort despite the difficulties we face within and outside the region with countries that have systems different from ours and that feel that peace can be achieved in Central America through force. We do not agree with this. [end recording]

Venezuela continues to believe that the East-West conflict must not become an issue in Central America and that self-determination must continue to be pursued as a means to find a definitive solution.

FOREIGN MINISTER ON CHARGES AGAINST SFRY ENVOY

PA280434 Caracas Television Service in Spanish 0000 GMT 27 Jun 85

[Text] Venezuelan Foreign Minister Simon Alberto Consalvi said today that he did not know anything about the charge filed by Rear Admiral Alfredo Landa Saa against the Yugoslav ambassador to Venezuela. Admiral Landa Saa, who is the former Armed Forces comptroller, denounced the Yugoslav ambassador before the comptrollership commission of the National Congress. Landa Saa said that the ambassador is hampering the current investigation to determine whether irregularities occurred during Venezuela's purchase of ammunition from Yugoslavia. Here is the foreign minister:

[Begin recording] The congressional comptrollership commission has not reported anything to me on this issue or on Admiral Landa Saa's statements. Therefore, I have little information on this. [end recording]

The minister also discussed the arrival of Nicaraguan Vice President Sergio Ramirez this afternoon. The minister said that this visit by Ramirez is to talk about the Contadora Group's peace efforts and, according to the determination of the Contadora Group countries' presidents, reactivate those efforts.

CONATO SAYS 48-HOUR GENERAL STRIKE BEGINS 1 JULY

PA010120 Panama City Televisora Nacional in Spanish 0000 GMT 1 Jul 85

[Text] The national strike committee of the National Council of Organized Workers (Conato), the only spokesman of the Panamanian organized labor movement, issued a communique tonight to the workers and the nation stating that the militant nationwide strike will go into effect at midnight as scheduled. The Conato communique added that the general strike protesting the possible reforms to the labor code will be in effect 48 hours, beginning one second after midnight on 1 July. Conato also invited the general public to participate in the caravan scheduled to start at midnight tonight from Conatos' headquarters at Central Avenue and Perejil.

Transportation Union Rejects Strike

PA010413 Panama City Televisora Nacional in Spanish 0350 GMT 1 Jul 85

[Communique issued by the Union of Public Transportation Drivers, Sicotrac, in Panama City on 30 June]

[Text] The Union of Public Transportation Drivers, Sicotrac, hereby reports to the public that it will work tomorrow 1 July 1985. We take the opportunity to state that we will remain alert to the political and social situation in the country, while we urge all sectors to a national dialogue to resolve workers problems and defend their rights.

[Signed] Nelson Romero, Secretary general, Sicotrac

VOZ DEL TERIBE TRANSMITTER DESTROYED BY ARSON

PA271823 Panama City Televisora Nacional in Spanish 000 GMT 26 Jun 85

[Text] An act of sabotage against Voz del Teribe, located in the provincial capital city, Bocas del Toro, was perpetrated this week when the station's transmitter was burned. Voz del Teribe is affiliated with Panama City Radio Nacional. According to the radio station's director, (Virgilio Mondule), the fire broke out on Sunday night. In the beginning it was believed that the fire had been caused by a short circuit; however, Radio Nacional technicians have determined that the destruction of the transmitter was due to arson. Authorities are investigating the incident.

COSTA RICA

MONGE ACCEPTS OAS SUPERVISION, REJECTS DMZ

PA290412 Panama City ACAN in Spanish 2359 GMT 28 Jun 85

[By Wilfredo Chacon]

[Text] San Jose, 28 Jun (ACAN-EFE) -- President Luis Alberto Monge has reiterated to his Nicaraguan counterpart, Daniel Ortega, the Costa Rican Government's consent for OAS or Contadora Group supervision of not only the border, but the entire country. "As evidence of our good faith and to show that Costa Rican neutrality is true and effective, and not just rhetorical," Monge sent a letter to Ortega accepting the presence of a permanent commission of either of the two organizations to verify what he is saying. Twenty-four hours before, Monge had rejected the Sandinist initiative of creating a demilitarized zone [DMZ] along the border, because "this country was completely demilitarized 36 years ago."

The Costa Rican president accepts today, however, a supervision to guarantee neutrality that is "not just restricted to the border area," but applies to all of the territory of both states. "I hope that the Nicaraguan Government will assume, at this opportunity, an attitude in line with the principles he claims to defend and accepts the proposal that the Costa Rican Government is making through me," the Costa Rican president added.

Ortega had told Monge on 26 June that he was interested in "finding joint formulas" to overcome the problems that keep these two nations in a state of tension, and especially to establish a demilitarized or neutral zone on both sides of the border. In this regard, Monge recalled that "Costa Rica does not need to demilitarize an area of its territory, because, as the illustrious Government of Nicaragua very well knows, Costa Rica decided to ban the army 36 years ago."

"We have demilitarized our entire national territory, from the San Juan River (bordering with Nicaragua) to the Sixaola River bordering with Panama," the president emphasized. In response to statements by Managua to the effect that Costa Rican territory is being used by rebel elements to destabilize its government, Monge emphasized: "These statements are completely unfounded." Monge added: "Every time the Costa Rican Government has uncovered actions of this type, it has taken strong action."

However, he also recalled that there are "incidents in the Nicaraguan territory that is controlled by the insurgent forces, whose actions constitute an expression of the internal problems that Nicaragua is experiencing and that the Nicaraguans themselves must solve."

Meanwhile, Costa Rica is still awaiting the report to be presented by the commission appointed by the OAS to investigate the ambush of the Civil Guard on 31 May in the border town of Las Crucitas, where two civil guardsmen were killed and nine others wounded. The Monge government blames this attack on the Sandinist People's Army, but Managua insists that it was an action of the Democratic Revolutionary Alliance, "ARDE," led by Eden Pastora.

GUTIERREZ ON CONTADORA, MEETING WITH SHLAUDEMAN

PA271933 San Jose Radio Impacto in Spanish 1830 GMT 26 Jun 85

[Text] President Luis Alberto Monge has reiterated to Harry Shlaudeman the Costa Rican Government's position regarding the Contadora Group.

This position is one of total support for the denial [as heard] sponsored by Contadora, Foreign Minister Carlos Jose Gutierrez said. Costa Rica believes that the discussion of the document for peace and cooperation must be concluded and that it must be to the satisfaction of all the countries. Once this is achieved, he added, Costa Rica would be willing to present the document to the Legislative Assembly for its approval. Gutierrez said that Shlaudeman's visit to Costa Rica is the result of a special situation: the failure of the Contadora Group negotiations after the meeting in Panama.

The Costa Rican diplomat said they exchanged information on the position of each country regarding the Central American problem. Gutierrez said: Important developments have occurred in recent days, and opinions are exchanged, just as has been done in the past. No decisions are made in these type of meetings.

EL SALVADOR

DUARTE URGES COOPERATION IN ECONOMIC PLAN

PA292348 Hamburg DPA in Spanish 1408 GMT 29 Jun 85

[Text] San Salvador, 29 Jun (DPA) -- Salvadoran President Jose Napoleon Duarte appeared this morning in a televised address to the nation and asked the citizens to be aware of the nation's grave economic situation. He noted that in El Salvador everyone had been working to resolve our problems, but now on one wants to help resolve the problems of the country, which belong to everyone. The television station broadcast the most salient portions of the speech which the president delivered at the Hotel Camino Real at the invitation of the American Chamber of Commerce of El Salvador.

Duarte asked clearly and frankly for help and confidence in the measures that are being taken, because the only goal being sought is to prevent an economic collapse. It is preferable, he said, to employ a plan of economic "streamlining" [deslizamiento] to enable all the sectors to grow accustomed to the measures gradually.

President Duarte affirmed: We will not devaluate the colon (the country's currency -- 2.50 colones are equivalent to $1.00 based on the official rate of exchange). We will continue to overcome certain aspects [rubros]; that is, we will continue with our "steamlining," but we cannot enforce this policy alone. All Salvadorans must cooperate.

TRADE UNIONS GIVE ULTIMATUM TO DUARTE

PA300017 Panama City ACAN in Spanish 2150 GMT 29 Jun 85

[Text] San Salvador, 29 Jun (ACAN-EFE) -- Some 3,000 trade unionists today marched on the streets of San Salvador and gave President Jose Napoleon Duarte until next Wednesday to fire the chief of the waterworks company, Jose Ricardo Perdomo. Spokesmen for the demonstrators affirmed that if the Salvadoran chief executive does not fire Perdomo as president of the National Administration of Waterworks and Sewers (ANDA), they will call a general strike. Today's march was organized by the Coordinating Board of Solidarity of the Workers [Coordinadora de Solidaridad de los Trabajadores], made up of 60 trade unions, according to the workers spokesmen.

ANDA has been on strike since last May, demanding the dismissal of the organization's president. The strike was declared "illegal" by a court and the government warned the workers to return to their jobs; otherwise, they would be dismissed, according to the laws of the nation.

Some of the over 3,000 workers of the state water company returned to their jobs, but the union leaders and other groups maintained their position, for which 80 of them were fired. The strikers continue to demand the reinstatement of the dismissed trade unionists and the dismissal of Perdomo. The government has reiterated its refusal to fire him, as there have been no actual charges made to merit his dismissal.

DEPUTY SECURITY MINISTER ON ZONA ROSA ATTACK

PA272317 San Salvador Radio Cadena Sonora in Spanish 2230 GMT 26 Jun 85

[Excerpts] Urban commandos of the Revolutionary Party of Central American Workers, PRTC, an affiliate of the Salvadoran rebel fronts, claimed responsibility for the Zona Rosa killings of four U.S. marines, two other U.S. citizens, a Guatemalan, a Chilean, and five Salvadorans.

Salvadoran Deputy Security Minister Colonel Reynaldo Lopez Nuila has reported that the investigations to identify the authors of the attack are moving forward. Here is the deputy security minister during a press conference.

[Begin recording -- in progress] [Unidentified questioner] ...Terrorists that participated in the Zona Rosa massacre.

[Lopez Nuila] The case is still in the investigation phase. We are working to identify the culprits of the Zona Rosa massacre. We will use it [not further identified] when called for. It can be commissioned to perform guard duty, patrols, and roadblock controls.

[Question] Is the investigation making headway?

[Lopez Nuila] We have several clues. You probably saw the composite picture we published in yesterday's newspapers. It presumably corresponds to the face of the commander of the Zona Rosa operation. We are gathering other evidence. We are asking eyewitnesses to cooperate with the investigation.

[Question] Two FBI agents reportedly met with the president of the Republic yesterday. Will they be involved in the investigation of the Zona Rosa killings?

[Lopez Nuila] They will cooperate with us. We are going to designate a special commission that will work exclusively on this investigation. The FBI will be working with that commission.

[Question] Sir, could you tell us who will make up the special commission?

[Lopez Nuila] At the personal request of President Reagan, it will include the members of the investigating commission that was created 1 and 1/2 years ago. This will be the first case that the commission will handle.

[Question] Could you explain the nature of the assistance the [words indistict] received to train that new battalion here?

[Lopez Nuila] We have not received any kind of assistance yet. However, we hope that the Salvadoran authorities -- and the U.S. Congress, if possible -- will open the possibility that the military aid will also include security bodies.

[Question] Going back to the Zona Rosa attack: Are there any indications that it was planned by the FMLN General Command, or was this an isolated attack?

[Lopez Nuila] In one way or another, actions like these always enjoy the support of the general commands of the terrorist organizations. I find it hard to believe that an operation of this scale, which has had such an impact on the world, was not approved by the high commands of the terrorist organizations. I believe they were all aware that it would take place.

[Question] What will the new battalion do in the metropolitan area?

[Lopez Nuila] It will initially act as a reserve or reaction battalion that will be deployed to counter specific actions. It will also carry out guard duty and patrols to step up security and protect the Salvadoran people.

[Question] Where will it be active?

[Lopez Nuila] In the capital or wherever it may be needed. It will be headquartered in the capital.

[Question] How many men are in the battalion?

[Lopez Nuila] It was created with a basic 200-man force, but it will be enlarged to include 325 men, the regular force in a Cazadores battalion.

[Question] A U.S. Embassy spokesman said 3 months ago that the embassy or U.S. advisers trained several soldiers to be part of this unit. Is that true?

[Lopez Nuila] We held talks to find ways to include the Libertadores Battalion in the regular military training program.

[Question] Is this the Libertadores Battalion?

[Lopez Nuila] Yes, the one on the right. The new Metropolitan Battalion is on the left.

[Question] Is the Libertadores Battalion a Cazadores battalion?

[Lopez Nuila] Yes, it is a Cazadores battalion. It is a regular unit of the Armed Forces that is under the Joint General Staff.

[Question] What about the Metropolitan Battalion? How many men are in it?

[Lopez Nuila] It has 200 men right now, but it will grow to include the same number of personnel that the Libertadores Battalion will have.

[Question] With regard to the investigation, when you spoke about the special commission, are you referring to the commission that is headed by Juan Rivas?

[Lopez Nuila] Yes.

[Question] As an officer with a great deal of experience in police work, what possibilities do you think there are of capturing the Zona Rosa attackers?

[Lopez Nuila] You must keep in mind that time, effort, and luck are important elements in any investigation. If the three are combined we may obtain results immediately. If not, we must wait.

We must continue the efforts we have already begun. I believe we are on the right track, first, to identify those who participated in the attack, and later, to track them down and arrest them.

[Question] How will the FBI cooperate with the commission?

[Lopez Nuila] Its help will be vital to the investigation. It must be recalled that since 1973 the security forces have not received any assistance from friendly nations, namely the United States. This was because of an amendment introduced in the military assistance law. As a result, our personnel's proficiency and their technical resources lost ground. If the Salvadoran Government and the U.S. Congress afford more direct and generous help to the security forces, these forces will be in a position to achieve more and play a more important role in the peacekeeping process. [end recording]

Col Lopez Nuila said that the FBI's cooperation will be vital. He said that the security forces have not received U.S. assistance since 1973. Top-ranking military leaders, including Col Lopez Nuila, have stated that the increase of violence will force the Army to return to earlier practices, such as body searches and raids. The Treasury Police, under its general director, Colonel Grinaldo Holcher, has trained two battalions in urban warfare to neutralize rebel actions in the city. They are staffed by 200 men each and will perform street duty and assault missions, Col Lopez Nuila explained.

COUNCIL ON GOVERNMENT HANDLING OF ZONA ROSA ATTACK

PA281522 San Salvador LA PRENSA GRAFICA in Spanish 27 Jun 85 p 37

[Statement issued as paid advertisement by the Higher University Council of the University of El Salvador in San Salvador on 25 June: "Statement in Response to the 19 June Military Action"]

[Excerpt] The immoral news coverage of this event is deplorable and traumatic. The plastering of gross images of partially destroyed bodies across newspaper front pages is intolerable, more so because children are exposed to them. This is psychological terrorism at its worst. It is also condemnable that unions and institutions struggling for just benefits and social justice are linked to the massacre and its images.

Meanwhile, President Reagan and the U.S. Embassy in El Salvador immediately seized the opportunity offered by the deaths of six U.S. citizens to display an arrogant attitude that insults Salvadorans. Reagan threatened to unleash the wrath of the United States against our people and announced increased U.S. military aid to the Salvadoran Army and government in what constitutes an escalation of the war. The U.S. Embassy insolently stated that whether we like it or not they will stay in this country "to defend freedom." This leaves no doubt about and exposes the fact that the war in El Salvador is imposed and directed by the U.S. Government and that the Salvadorans only furnish the dead and sustain the destruction.

The most rudimentary analysis of the publicity campaign launched around this case clearly proves President Duarte's intention to delay indefinitely or completely call off the process of dialogue and negotiation that he brandished as an electoral banner less than 1 year ago.

President Reagan and the U.S. Embassy in El Salvador have seized the opportunity to publicize, justify, and secure support for the U.S. warmongering policy and increased military aid in preparation for an eventual direct U.S. involvement in the military conflict. The attempt to link the crime with the people's movements shows the government's ineptness at resolving the people's most basic problems and developing just solutions to their demands. This is a worn-out recourse used by past administrations.

The University of El Salvador once more assumes its role as critical guide of the Salvadoran people's opinion. In this context, it states that the current military violence is a result of the institutional violence the people have been confronting. It believes that the way in which the 19 June action has been manipulated promotes military violence instead of dialogue and negotiation as alternatives to resolve the current crisis. Therefore, it demands that the Ministry of Culture and Communications exercise its function of promoting and communicating culture instead of becoming a ministry to publicize and promote terror.

The University of El Salvador demands that the U.S. Government stop using our country to defend "its freedom" at the cost of thousands of Salvadoran lives. We demand that the Salvadoran Government adequately and rapidly resolve the just demands of the labor and union sectors and that it resume the process of dialogue to find a negotiated solution to the conflict as soon as possible.

We urge the Salvadoran people to be alert so as not to be caught off guard by this campaign of terror and slander that seeks to intimidate the people into renouncing their just demands. We call on the people to remain firm in the defense of their rights and their demand that the government seek a negotiated solution to the Salvadoran conflict.

MOTHERS COMMITTEE PLANS MARCH TO U.S. EMBASSY

PA291308 San Salvador Radio Cadena YSU in Spanish 1800 GMT 28 Jun 85

[Text] Members of the Monsignor Oscar Arnulfo Romero Mothers Committee announced they will hold a vigil on 4 July for peace in San Salvador. The event will begin at 1400 and will end at 0900 on 5 July with a march to the U.S. Embassy where they will request an audience with the ambassador. The objective of these two activities is to publicize human rights violations in this country, the spokesman said.

ARMY ENGAGES GUERRILLAS IN THREE DEPARTMENTS

PA291314 San Salvador Radio Cadena YSU in Spanish 1800 GMT 28 Jun 85

[Report by Raul Beltran]

[Text] Salvadoran Army units supported by the Air Force, especially by U.S.-manufactured Huey H-1 helicopter gunships, staged landing operations on border locations occupied by rebels and on the border between the Departments of Cabanas and San Vicente, approximately 50 km east of San Salvador in the area known as Cerros de San Pedro. Brief military reports stated that the Army immediately engaged leftist guerrillas who were mobilizing near the villages known as San Jacinto, La Burrera, Amatitan Arriba, San Jeronimo, and Cerros de San Pedro.

Military sources also confirm that in other incidents this morning Army units clashed with leftist guerrillas for more than 2 hours in the areas known as La Laguna, El Morro, Comolapa and La Junta, all in Chalatenango Department, approximately 60 km in the northern part of the country, according to military reports. Initial reports stated that at least two guerrillas were killed and two soldiers wounded in the armed clashes this morning in northern Chalatenango Department.

GUERRILLAS AMBUSH PATROL, 12 SOLDIERS KILLED

PY291852 Paris AFP in Spanish 1827 GMT 29 Jun 85

[Text] San Salvador, 29 Jun (AFP) -- A military source has reported that this morning 12 Army troops were killed and 3 wounded when a National Guard patrol was ambushed Los Mangos, Usalatan Department. The ambush was set by an unknown number of FMLN guerrillas who attacked the patrol from its flanks. So far, there have been no reports on rebel casualties. This action has prompted an intensive operation by the Army which, according to official reports, was still hunting the rebels this morning.

FMLN ON SECOND HELICOPTER DOWNED IN MORAZAN

PA290017 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 28 Jun 85

[Text] Here is additional information on the second helicopter shot down in the northern part of Morazan Department during the Army's latest airborne troop landing operation.

According to reports from Nahuaterique, other parts of the second helicopter shot down by the FMLN in northern Morazan during the enemy's failed operation were found in the past few hours. It has been reported to us that the helicopter damaged by our revolutionary fire crashed on a slope about 300 km south of Nahuaterique in Morazan Department. Immediately after hearing the helicopter crash, Army members cordoned off the area, preventing Nahuaterique residents from approaching the smoking craft. After combing the area, our men found the propellers and part of the fuselage of the helicopter, which had been buried by the Army with the useless intention of concealing the evidence of their failure, before it left the area for good on Saturday.

The puppet Army planned to conceal the evidence of the failure of this landing operation, which has been considered a complete military disaster due to the lack of results against the FMLN and the heavy losses in both material and men that the puppet Armed Forces sustained. As you will remember, the first heicopter shot down in Rancho Quemado, northeast of Perquin, was recovered by a cargo helicopter belonging to the U.S. Army stationed at Palmerola, Honduras. The second helicopter shot down, however, could not be recovered by the Army troops.

Of course, after the second helicopter downed was found a short distance south of Nahuaterique, both the Armed Forces Press Committee [Coprefa] and Colonel Miguel A. Mendez have not dared disparage the Radio Venceremos report. Asked about this during a press conference, Napoleon Duarte refused to give the results of the operation, arguing that this fell under the Coprefa's jurisdiction. Journalists have asked the Coprefa and the Coprefa has kept absolutely silent on these two helicopters downed in northern Morazan Department. According to Coprefa, the first helicopter mishap was caused by a tree that was placed in front of the craft. Let's wait and see what Coprefa will invent now on the fate of this second helicopter, the ramins of which are in our hands.

FMLN UNITS DESTROY AGAVE FACTORY IN SAN MIGUEL

PA280439 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 27 Jun 85

[Text] On 26 June at 0000, units of the Rafael Arce Zablah Brigade of the FMLN sabotaged the agave factory, which is owned by the exploiter Borgonovo. The destruction of the factory took place in the Chapeltique jurisdiction, San Miguel Department.

In this action against the regime's war economy, our forces destroyed two storehouses containing 1,500 quintals of agave fiber, two tractors, and two trucks owned by the Borgonovo factory. The rebel forces also sabotaged several transformers.

This action against the agave factory of the multimillionaire oligarch Borgonovo was carried out in retaliation for his refusal to pay the war tax established by the FMLN. It was also a punitive measure for the establishment of a synthetic fiber factory to the detriment of the small- and medium-sized producers of agave fibers. Borgonovo is one of the blodiest exploiters of our working classes.

The report added that following the sabotage action against the Borgonovo factory, the rebel units held a meeting with the factory workers and explained the objective of the sabotage action against the factory of the biggest exploiters of the Salvadoran workers. After completing the operation, our units retreated without any difficulty. The demoralized forces of the dictatorship never showed up. This sabotage against the agave factory takes place during the mobilization of the dictatorship battalions in the northern sector of San Miguel Department.

VENCEREMOS REPORTS ON 27 JUNE GUERRILLA ACTIONS

PA300034 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 29 Jun 85

[Text] Our people are defeating the interventionists. Our people are defeating the puppet Army. Pay attention to our military reports. In one day of guerrilla activities we inflicted 27 [figure as heard] casualties on the forces of the dictatorship, on the special battalions, on the battalions trained by the invaders.

This is a report we have received on wide-ranging guerrilla activities on 27 June in the country's east. We have also been informed that special battalions of the dictatorship have been hit in Chalatenango Department.

Here is our report. This is a report from 27 June. Guerrilla units of the Rafael Arce Zablah Brigade [BRAZ] of the FMLN attacked the ill-named Arce Battalion at the El Coyol intersection, in Sesori municipality, and inflicted casualties and [words indistinct]. Other guerrilla units also attacked another battalion trained in Honduras by the gringos. This attack took place at Potosi canton, Sesori municipality. This time the ill-named Arce Battalion had three more casualties, including one dead.

In the northern region of San Miguel Department, 27 June was disastrous day for the dictatorship. At the Santo Tomas intersection, Nuevo Eden de San Juan municipality, at 1300 FMLN guerrilla units attacked an Arce Battalion unit and inflicted three dead, including a corporal and a sergeant. We have a report from northern San Miguel Department, San Gerardo municipality. BRAZ units attacked an Arce Battalion force here and inflicted two more casualties, again on 27 June. All this in a single day of guerrilla activities.

According to our reports on 27 June, in San Miguel Department alone the FMLN inflicted 10 casualties on the ill-named Arce Battalion, which was trained by the invaders in Honduras. This battalion's commanders are brave when it comes to murdering workers, like the two National Administration of Waterworks and Sewers [ANDA] workers killed by that battalion in Neguaiqui Bridge, but cowards when they have to face the fire, the guerrilla surprises of our revolutionaries.

Let's continue with this report on a day of guerrilla victories. In Lolotique, San Miguel Department, at 0830, BRAZ units inflicted four casualties on the Cuscatlan Battalion: two dead and two wounded.

The casualties were victims of revolutionary mines. Now we have a report from Morazan Department. In Sociedad, (Catule) canton, four troops were hit by revolutionary mines. One of the casualties was a corporal. More on 27 June: In Jucuaran, at 1030, BRAZ units attacked units of the (Porobontique) Battalion in Santa Lucia canton. Here the forces of the dictatorship had three casualties. Now we have a report from invincible and victorious Chalatenango Department. Our revolutionary units are whipping and bleeding another operation of the dictatorship. The first report we have from Chalatenango indicates that one of the battalions trained and directed by the invaders, the ill-named Belloso Battalion, entered a camp that had been mined in FMLN-controlled territory in Chalatenango Department. This battalion suffered six casualties. This is the same battalion that our people call the Coca-Cola Battalion.

GUATEMALA

SALVADORAN FOREIGN MINISTER ARRIVES FOR MEETINGS

PA281449 Guatemala City EL GRAFICO in Spanish 27 Jun 85 p 4

[Text] Dr Rodolfo Castillo Claramount, vice president and foreign minister of El Salvador, met yesterday with General Oscar Mejia Victores at noon, after meeting with Foreign Minister Fernando Andrade. Following interviews, he hald a press conference with Guatemalan journalists at the Foreign Ministry's protocol room and explained the reason for his visit to Guatemala. He said that he is touring Central America to personally meet the other foreign ministers and exchange views with the heads of state, as he had done with General Mejia Victores. Castillo Claramount said he brings greetings from his government to the Guatemalan people, and wanted to show his respect for the effort to achieve democracy, a satisfactory effort for all of Central America. He said this is an example for the Salvadoran people, because it represents a joint effort.

Castillo said that he talked with General Mejia Victores in general terms about the relations between the two countries. He said that thanks to the two governments strategies, it has been possible to maintain fraternal relations based on understanding.

The Salvadoran vice president talked about the dialogue with the guerrillas, saying his government's position has been stated since October last year in a document called "Peace Proposal" issued by his government to the United Nations. He explained that this document does not adhere to specific circumstances but to a philosophical concept of really seeking peaceful terms. He said that this represents a path to what could be termed "humanization of the conflict" in El Salvador. In this concern, he added, the dialogue is being carried out as a rational solution to his country's problems, rejecting violence, terrorism, and war.

Unfortunately, following the meeting in La Palma, the guerrillas presented a different proposal, Castillo Claramount said. The guerrillas returned to their original policy of rejecting the legitimacy of the government and the elections and advocating a shared government, merging of the guerrillas and the government, and seeking new elections under that concept.

The Salvadoran vice president also referred to the U.S. embargo against Nicaragua, saying that this is a U.S. Government decision that his government respects, but will not question in any way.

Nevertheless, Vice President Castillo Claramount directly accused the Nicaraguan Government of aggression, saying El Salvador is a victim internally of aggression policy -- not only verbal but real -- which includes logistical support, medicine, weapons, equipment, men, leaders, and guerrilla commanders, in which Nicaragua is involved.

FAR HARASSES ARMY; MARCH PLANNED IN GUATEMALA CITY

PA280140 Mexico City EXCELSIOR in Spanish 22 Jun 85 p 2 A

[Text] Guatemala City, 21 Jun -- The Rebel Armed Forces [FAR] reported in a communique today that it harassed an Army unit in Peten Department, located to the north of Guatemala City. Units from the Mardoqueo Guardado Front clashed with Army units that were combing an area near the Salinas River, in Sayaxche municipality. The FAR reported killing one soldier during the clash; afterward, it withdrew with no difficulties.

In addition, the Mutual Support Group [GAM], which is made up of the relatives of missing persons, will take part in a peaceful march to demand information about the missing persons, and metropolitan Archbishop Prospero Penados has demanded that the authorities pay attention to the complaints of this humanitarian organization.

GAM spokesmen have reported that more than 76 members will participate in a demonstration today, marching through the main streets of Guatemala City and ending in front of the National Palace, where they will demand that Head of State General Oscar Mejia Victores provide reliable information about their missing relatives, who were arrested by government security forces.

HONDURAS

NICARAGUAN ENVOY SAYS U.S. 'PRESSURING' OFFICIALS

PA291754 San Pedro Sula TIEMPO in Spanish 28 Jun 85 p 5

[Text] Tegucigalpa -- Yesterday Nicaraguan Ambassador Danilo Abud Vivas charged that the United States is pressuring Honduran officials, through economic assistance, to permit counterrevolutionary bases in Honduras. The Nicaraguan diplomat made this charge yesterday at the Government Palace where he arrived to visit Presidency Secretary Ubodoro Arriaga Iraheta to deliver a personal invitation for the commemoration of the sixth anniversary of the triumph of the Sandinist revolution on 19 July.

Asked about the status of Honduran-Nicaraguan relations, he said: "Relations are very difficult within the Central American situation. I feel that the United States is exerting pressure on this country so it will lend itself to the aggression plans against Nicaragua." He noted that "the United States is exerting pressure on Honduras so that it allows the presence of rebel forces, thus increasing tension in relations."

Asked if Honduras is permitting the use of its territory for U.S. policy reasons, Abud Vivas said, "I'd like to leave no doubt concerning that question. The United States is exerting pressure based on various situations, such as Honduras' economic situation. I imagine that the United States will subject its aid to many other situations such as this one," he said, referring to the presence in Honduras of counterrevolutionaries supported by the United States through the CIA.

Abud Vivas said that his country is experiencing "several economic problems that stem from a war of aggression imposed by the United States."

He said that "the U.S. Administration is bent on defeating Nicaragua militarily and, for that reason, it recently approved humanitarian aid for the mercenary forces as part of preparations for this." He maintained that the constant migration of Nicaraguans to Honduras "is precisely due to this U.S. aggression." He said that the peasants living on Nicaraguan mountains in the border region with Honduras "are experiencing a situation of instability, and their lives are in danger. For this reason, they seek a place without this situation. So they go to the Honduran border because it is closest to them."

The diplomat played down the importance of a march to Washington promoted by an anti-Sandinist group called Exodus. "It seems to me to be a joke. I attribute no seriousness to the group, especially because it was organized by an individual (Boris Leets) who is closely linked with the counterrevolution. He was a man who was linked with Somoza's security office," the ambassador said.

Arriaga Refutes Charges

PA281615 Tegucigalpa Domestic Service in Spanish 1130 GMT 28 Jun 85

[Text] Presidency Secretary Ubudoro Arriaga has said that the U.S. Government does not condition loans to Honduras, refuting a statement made by Danilo Abud Vivas, Nicaraguan ambassador in our country, who said that the aid given to Honduras by the great nation to the north is linked to aggression plans against Nicaragua. Let us listen to Secretary Arriaga:

[Begin recording -- in progress] [Arriaga] ...Because the United States not only grants aid to Honduras; the aid given to our country is part of assistance programmed by aid via other credit institutions such as the United Nations, in which the Unites States participates, and the IDB.

Aid is channeled through those institutions. Honduras is not the only recipient; all Latin American countries are. If aid were targeted only to Honduras, there would be room for suspicion. I do not believe that aid to other countries is subjected to that kind of conditioning either. Loans grated to our country are conditioned to other kinds of requisites that we must fulfill, like when a citizen goes to apply for a loan. Banks have the right to state their requirements, such as financial and economic statements. This is done to determine whether a country can manage more debts. Payment possibilities and conditions are contingent on a certain kind of development to favor the private sector, the balance of payments, and our fiscal deficit.

However, in matters of credit, this takes place in all countries, not only in Honduras. No political conditions are imposed; only routine and strict conditions are asked of all countries with credit relations that (?are subjected) to international organizations.

[Reporter] Mr Secretary, why did the Nicaraguan diplomat visit the Presidential House?

[Arriaga] The Nicaragua ambassador wanted an appointment [words indistinct] to the Presidency of the Republic. It was not until today that he got an audience at 1100. He invited me to participate in anniversary ceremonies to mark the triumph of the revolution in Nicaragua.

I thanked him for the invitation. Our conversation revolved around the fact that this celebration will be a great event. (?He showed) interest in my presence there; I thanked him cordially for the invitation. We also discussed the Contadora Group's problems. Our Foreign Secretariat is handling issues at levels you are aware of. I am not authorized to discuss this, because I am not informed of details on the Contadora Group's negotiations.

Several reports refer to U.S. pressures on our country regarding the issue of the contras and an invasion of Nicaragua. We are not being pressured by the U.S. Government. I do not know what area of the government they could apply pressure in. This is not possible because our country is free and independent. We advocate and acknowledge the right to self-determination of the peoples, therefore we would not accept pressures of any kind from any country.

That is all I can say on that matter. As for references to an invasion of Nicaragua, we are not aware of that; they can talk about that, but we are not aware of that. I do not know what kind of information is available to them. [end recording]

NATIONAL PARTY CHOOSES PRESIDENTIAL CANDIDATE

PA300021 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 28 Jun 85

[Excerpts] Yesterday, the National Party of Honduras [PNH] proclaimed Rafael Leonardo Callejas as its presidential candidate. This is the document through which Callejas has been proclaimed candidate.

[Begin recording] [Unidentified speaker] The special national convention of the PNH has to regroup its forces with the participation of each of the party members throughout the country [words indistinct] the elections slated for 24 November. With this in mind, the party has chosen a leader, bulwark of the unity and harmony in the party. The leader chosen has ample people's support in his own right. In the glorious PNH, there is a man that promises to lead the nation to a period of national conquests. This is Rafael Leonardo Callejas. [end recording]

NICARAGUA

ORTEGA ADDRESSES RALLY COMMEMORATING VICTORY

PA290249 Managua Domestic Service in Spanish 0050 GMT 29 Jun 85

[Speech by President Daniel Ortega at a 28 June rally held at the Roberto Huembes Market in Managua to mark the start of a march to Masaya in commemoration of the defeat of the Somoza regime there -- live]

[Text] We cannot commemorate this occasion without [word indistinct] the formidable struggle being waged by all our people, from north to south, east to west. Those were heroic days; those were the days of the Nicaraguan people's struggle and uprising. They marked the struggle on the Carlos Fonseca Northern Front, and the guerrilla columns marched from the mountains to the cities. The clashes took place on the Rigoberto Lopez Perez Western Front, the Carlos Roberto Huembes Eastern Front, the Benjamin Zeledon Southern Front, and the Camilo Ortega Central Front. That was the struggle of the Nicaraguan people, who were determined to defeat and expel the Somozist dictatorship forever and, in turn, the imperialist domination. Within the framework of this courageous generalized struggle, the historic withdrawal of the fighters and the fighting people of Managua was carried out.

Our territory has again been turned into a battlefront, a war front, in a struggle that did not start in our countryside, but which is a confrontation that originated from abroad. This unjust war currently being withstood by our people has been imposed by those who armed, defended, and gave birth to the Somozist regime. Consequently, the bullets that rained on the people, the bombs that were launched by the genocidal Somozists from their planes against the people in Managua and all the people in Nicaragua, were bullets and bombs supplied by the U.S. leaders. That genocidal policy against the Nicaraguan people is being repeated today, and the enemy is the same one who dropped bombs on Managua, Esteli, Leon, Chinandega, Masaya, Monimbo, Jutiava, Matagalpa, Jinotega, Chontales, and San Carlos -- the same enemy using the same mercenary forces, which have been joined by a few traitors without a homeland. The struggle is harsh and difficult for the Nicaraguan people, but it is being withstood by all of them.

Even though it is true that the counterrevolutionaries have not been able, nor will they be able, to reach our cities, due to the heroism of our Sandinist People's Army fighters [applause], it is also true that when these fighters of our Army, of the Battalions for Unconventional Warfare, and of the Interior Ministry's special units -- many of them, thousands of them come from our cities, from Managua, from the cities on the Pacific side and from central Nicaragua -- are mobilized to the war front, their relatives suffer, but these relatives are in solidarity with the fighters, despite their suffering.

We are facing a powerful enemy. Who is Nicaragua's enemy? [crowd shouts: "Here and there, the Yankee will die! Here and there, the Yankee will die!"] Who is the Yankee? Perhaps the U.S. people? [crowd shouts: "No!"] Perhaps the U.S. Government is the Yankee? [crowd shouts: "Yes!"] Perhaps President Reagan and his advisers are the Yankee? [crowd shouts: "Yes!"] Those are the Yankees, enemies of the Nicaraguan people! Those are the Yankees, enemies of mankind, because the U.S. people are Nicaragua's friends! [applause] Surely, a few U.S. citizens are here with us. [applause] They are brothers of the Nicaraguan people! [applause] [crowd shouts: "The united people will never be defeated! The united people will never be defeated!"]

We are fighting a government that murders the Nicaraguan people without the consent of the U.S. people. We are fighting a government that heads the policy of terrorism in the world. Isn't the decision made by the United States to mine Nicaraguan ports state terrorism? Isn't the decision made by the United States to finance the Somozist guards, the traitors, the mercenaries who murder the Nicaraguan people state terrorism? Isn't it state terrorism to try to starve the Nicaraguan people to death? Isn't the economic blockade policy that the United States has unleashed against the Nicaraguan people state terrorism? Isn't it terrorism to legalize and legitimize the U.S. Government's terrorist policy and the U.S. Congress' approval of millions for the mercenary forces? Isn't it state terrorism for the U.S. House of Representatives to ban the U.S. President from sending troops to Nicaragua and then brazenly enumerate a number of exceptions that in fact fully legalize and demonstrate the support of the U.S. representatives for the U.S. terrorist, interventionist, and venturesome policy against Nicaragua?

This is what the Congress approved recently: a law forbidding the U.S. President from sending troops to Nicaragua without congressional consent. Here come the exceptions: If the Nicaraguans purchase fighter planes or atomic weapons, then anything can be done against Nicaragua. If the Nicaraguans appear to be involved in the support of actions that the U.S. Government can describe as terrorism in Central America, then this becomes an exception, and they can send U.S. troops to Nicaragua. If the U.S. Government considers that the lives of U.S. officials and citizens in Nicaragua are endangered, they can send their troops.

This is why there is no such prohibition. They have in fact yielded to President Reagan's blackmail. They have yielded to the current tensions in the world, in Beirut, for instance. They have yielded to the critical situation there. We Nicaraguans have stressed that we oppose all policies of terror. We hope that those U.S. citizens return home safe and sound. We hope that this will not be a pretext for the Lebanese people's blood to be shed. We have said: The United States, which claims to be so concerned about terrorism, should start by setting the example in the struggle against terrorism, and the first thing that the U.S. leaders would have to do is to suspend terrorist actions against Nicaragua. [applause]

According to the exceptions to the law, our introducing atomic weapons into the country would lead to an invasion or the sending of U.S. troops, as they have said. To tell the truth, we have had atomic weapons here for a number of years. Since there has been a Nicaragua, since there have been Nicaraguan people, we have had that atomic weapon that is our combativeness, our heroism, our firmness, our dignity. [slogans, chants] This is the atomic weaponry that they know Nicaragua has. [Words indistinct] defeated the Yankee invader in the last century. In the struggle of Zeledon the invading Yankee was confronted in (Jinotepe). Sandino's little rifles, Sandino's barefoot peasants. These are our atomic weapons. After the triumph of the revolution, the atomic weaponry increased in Nicaragua. We have a patriotic, revolutionary, Sandinist people, determined to defend their revolution. We have a people who want to be friendly to the United States, but these people are also willing to fight and defeat the U.S. aggressors. [slogans, chants]

Since 19 July 1979, we have had an atomic weapon which cannot be destroyed, because it is in the minds and hearts of the Nicaraguans. It is not only a rifle that counts; the basic issue is determination. How many Nicaraguans are willing to fight the invaders should they attempt to occupy our territory? [slogans, chants]

It is certain that not only these militia members of Managua gathered here today, but the entire people of Nicaragua are ready and willing to fight against the Yankee invader. The Nicaraguan people, who are joining us in this battle against aggression, against the threat of direct intervention of the U.S. troops are in turn joined by the brother peoples of Central America. [applause] We are being joined by the brother peoples of Latin America [applause], by the brother peoples of the United States [applause], and therefore, the struggle is not only in Nicaragua, it is in Central America, in Latin America, in the United States. It is in favor of peace and against aggression. [applause] [crowd chants: "The struggle is everywhere, the struggle is in Latin America"]

The United States has tried to provoke artificial conflicts with Honduras and Costa Rica. A few weeks ago, two Costa Rican soldiers died. We say two Costa Rican soldiers, because that little story that Costa Rica had no army has been put to rest. They have a right to have their army, but they have no right to tell the lie that they have no army in Costa Rica. [chants]

The aggressive policy of the United States has imposed an army on Costa Rica. In addition to the army they have built in Costa Rica with Costa Ricans, with the advice of U.S. troops, there is the other army. There is the mercenary army that is occupying Costa Rican territory. When they speak of liberated territory, what they really mean is their liberated territory, yes, but in Costa Rica. They are becoming the owners of Costa Rican territory, not only in the border area, but even in the Costa Rican capital city. They have been taking over, they have been penetrating the structures of the Costa Rican Government. We know that the Costa Rican people do not want an army, they are a peaceful people. However, the creation of that army is being imposed upon them. Two soldiers died, victims of that aggressive policy of the United States.

They then called a commission to investigate the events, and the commission has issued a report. We believe that the report could have been more just, more adequate, if the commission had visited Nicaragua first, prior to issuing the report.

Perhaps then, the commission members would have learned something they did not want to learn, and that is that here we have not had just two dead soldiers as a result of this aggressive situation, but rather that in Nicaraguan territory along the Costa Rican border, hundreds of Nicaraguan civilians, women, children, old people, men have been murdered by those terrorists who come from Costa Rican territory. Some members of the Costa Rican Government and of the Costa Rican army are accomplices of these terrorists.

We have proposed to the Costa Rican Government, and we again propose it, that we create a neutral zone, which would mean establishing a peace force in both Costa Rican and Nicaraguan territory. This would be a multinational peace force made up of representatives of countries chosen by mutual accord by Costa Rica and Nicaragua.

The Costa Rican president has rejected this proposal. We hope that the Costa Rican president will take steps in favor of peace rather than falling into the trap of warmongering, confrontation, and war which will only bring more bloodshed to Central Americans, more bloodshed to Nicaraguans, and more bloodshed to Costa Ricans. Instead of threatening to convoke military regional organizations, such as the Inter-American Reciprocal Assistance Treaty [TIAR], he should take steps in favor of peace.

Let the Costa Rican president not be pushed by U.S. pressure. Let him not yield to the venturesome policy that has complicated the situation for the Costa Rican nation, to the point of establishing an army in a country that, in fact, did not have an army until a few years ago.

That is Nicaragua's position in these difficult moments. Nicaragua's stand is in favor of peace, because our people, above all, want peace. Our people are friends of peace, are children of peace, and they are going to conquer peace.

In addition, these people, who have gathered here tonight to commemorate the sixth anniversary of our withdrawal, will begin to march many kilometers and are ready to fight, and are firm. It is true that these people are ready to achieve peace, but they are also ready to fight with the same heroism and courage that the fighters in Managua did during the courageous actions of 27 July 1979.

What was the withdrawal? A step backwards, to gather momentum; a step backwards to launch ourselves again with even greater force against the Somozist and imperialist domination. That is the Nicaraguan people's vocation and decision. These people want peace, but not the peace that the United States is trying to impose. Would these people accept a peace that brings us to our knees? [crowd shouts: "No!"] On our knees, on our knees, only [rephrases] of course, we can get on our knees. For what? [indistinct shouts] To take aim! On our knees to take aim! On our knees... [crowd shouts: To take aim!] On our knees to fight and win! On our knees to defend the homeland and the people's dignity. We will march tonight, with hope in our hearts. We will march tonight remembering the heroes of 1979. We will march tonight remembering the heroes who have fallen since 1979, defending our revolution! We will march toward Nindiri and Masaya, to meet the body of a dear fighter from Masaya, who became a hero during the final insurrection. We will meet with Captain Aleman, Mario Aleman. We will meet with our brother Mario Aleman, who has been promoted to the rank of deputy commander. We, soldiers of the Nicaraguan people, will meet with our captain, with our deputy commander! Free homeland! [crowd shouts: "Or death!]"

ORTEGA MEETS WITH EUROPEAN PARLIAMENT DELEGATION

PA282251 Managua Sandinista Television Network in Spanish 0200 GMT 28 Jun 85

[Text] Nicaraguan President Commander Daniel Ortega held a working meeting with a delegation of the European Parliament's Socialist group last night. The delegation is headed by Alf Thomas of the UK Labor Party. After meeting with Ortega, Thomas made the following statement to reporters:

[Begin recording] We hereby express our support for the Nicaraguan Government. We gave the president our pledge that we will work in Europe for greater political and economic support. In addition, we fully and completely oppose [words indistinct]. We are angry at the intervention sponsored by the United States. We believe Nicaragua is a free and sovereign country. No one should intervene in Nicaragua. This country must be able to determine its own future. We fully oppose any and all foreign intervention. [end recording]

The delegation also met with Tomas Borge, commander of the revolution and interior minister. During the meeting, various national political subjects were discussed, including the planned Atlantic coast autonomy. Borge explained the project, that is entirely at variance with the idea that some governments of America and the world have.

Borge said autonomy will be a solution for the Indian communities' social and economic problems. Later, Borge received a group of American intellectuals, whom he urged to win the battle for peace and prevent a direct U.S. intervention against Nicaragua.

RAMIREZ VIEWS TOUR OF CONTADORA COUNTRIES

PA291738 Managua Domestic Service in Spanish 1834 GMT 28 Jun 85

[Interview with Vice President Sergio Ramirez Mercado by an unidentified reporter in Managua on 28 June — recorded]

[Text] [Reporter] Vice President Sergio Ramirez has just returned home following a tour of several Contadora Group member countries, except for Mexico, which he will visit next Tuesday.

His statements follow: [Ramirez] I had the opportunity to meet with the heads of state in Panama, Colombia, and Venezuela, and with the foreign ministers, leaders of the different political parties, presidential candidates -- in Colombia they will soon have elections -- religious leaders, union leaders, and parliamentary leaders. There is a general consensus of rejection toward the U.S. Government's interventionist attitude in Nicaragua and the (?imminence) of a military invasion against our country. There is also a consensus that it is necessary to strengthen the Contadora Group's role.

When I met with the heads of government and political leaders of the countries I visited, we stated that the events taking place in Central America, particularly those aimed against Nicaragua by the United States, have been quickly surpassing the Contadora Group's framework of action because it has been limited to the long-term discussion of a juridical intrument, while the U.S. Government's threats continue to increase against our country.

Therefore, if the Contadora Group's field of action and negotiation is to be really guaranteed so that it may continue to seek a framework for regional peace, we must have the necessary guarantees that the U.S. Government will stop its aggressive actions and not attack military objectives in Nicaragua or any other Central American nation. The Contadora Group must also ask the U.S. Government [rephrases] must send a note concerning the negotiation. This would be the way to capitalize on the support that the Contadora Group has throughout the world and adopt specific measures to stop the U.S. Government's aggressive hand. This proposal has been generally accepted and supported, even though we still must conclude our consultations; we must travel to Mexico on Tuesday. Then, we will be able to make a final evaluation of all our efforts.

[Reporter] What do you think of Mr Shlaudeman's visit to these same countries almost simultaneously with your visit?

[Ramirez] Well, we have been told that the Costa Rican foreign minister will also visit the South American countries and that [Honduran Foreign Secretary] Paz Barnica has begun what we call an anti-Sandinist tour of the West European countries. This is part of the U.S. Governemtn's strategy to undermine Nicaragua's initiatives and tighten the screws in their preprations for a military intervention against Nicaragua. Therefore, Mr Shlaudeman's visit has not been considered important by the news media in the countries we visited. However, the Nicaraguan delegation's visit was followed with great interest. It is evident that Latin America is concerned about the turn of events and we were able to ascertain this in all the sectors and levels with which we met.

[Reporter] Doctor, the U.S. Congress has given the green light for the U.S. Government to send troops to our country. What was these leaders' reaction?

[Ramirez] Well, we learned about that news yesterday afternoon following the vote. It had no bearing on my visit; nevertheless, during my last meetings with [Venezuelan Foreign Minister] Consalvi, who bid us farewell at the airport, we discussed the situation and stated that it worsens the Central American conflict. It also opens the floodgates for an intervention against Nicaragua, which is precisely what Contadora must try to prevent now more than ever.

[Reporter] Will you visit other South American countries?

[Ramirez] Yes, once we finish this round of talks with the Contadora Group countries in Mexico, we will begin a second phase of contacts.

We will go to Brazil, Uruguay, Argentina, Peru, and Ecuador, within the spirit of achieving closer links with these countries [words indistinct] worsened Central American situation.

[Reporter] Doctor, how was your interview with Mr Consalvi?

[Ramirez] All the interviews were quite cordial; we were received with great sympathy by all the countries that we visited. I would say that the results were highly positive in this regard.

[Reporter] What about the demilitarization of our southern border?

[Ramirez] It was considered very important by all the governments with which I had the opportunity to discuss the matter; it was received with great enthusiasm. Nicaragua's initiative was described as constructive, above all by President Lusinchi with whom I discussed the matter at length. He stated that he hopes we will really have a multilateral vigilance [corrects himself] a multinational vigilance in our border zone with Costa Rica. This mechanism apparently (?is accepted by all). Nevertheless, as you probably know, the Nicaraguan Government's decision is that if Costa Rica does not agree to the surveillance of several countries, then Nicaragua will establish -- will request -- this surveillance on the Nicaraguan side of the border.

[Reporter] Doctor Ramirez, President Monge said that for 3 decades Costa Rica has ceased being a militarized country and, therefore, they are not going to accept the proposal made by the companero president. Will you please comment on this issue of the demilitarization of Costa Rica?

[Ramirez] I think it would be better to wait for President Monge's official report to President Ortega's proposal. Surely, he will send a reply to President Ortega.

[Reporter] [Words indistinct] from all of the wrong conditions that have been imposed by the House of Representatives, what do you think is more dangerous? President Reagan's obsession to destroy the Sandinist revolution or a prefabricated incident such as the Gulf of Tonkin incident which hastened the U.S. intervention in Vietnam?

[Ramirez] I think we must be very careful with the prefabricated incidents because they are the explosive elements which the U.S. Government has traditionally used to unleash (?intervention) against other countries. It happened in Guatemala during President Arbenz' administration. Another case that is recorded in history and that happened not long ago is the Gulf of Tonkin incident. What is very clear here is that the dangerous elements created by the U.S. Government have been growing in Nicaragua. President Reagan has managed to break the will of the U.S. Congress and has been able to demoralize the majority, which had voiced opposition to Reagan's stand on the Nicaragua case.

This is another dangerous element. Maybe there will not be a Tonkin incident here, but Reagan's (?control) over the U.S. Congress is an explosive, dangerous element because obviously he has made advances and has conquered the will of the U.S. Congress.

[Reporter] Colonel [name indistinct] said that the assault commando units are preparing for any possible attack from a Central American country.

[Ramirez] This is part of the same preparations -- the military maneuvers that are currently taking place in Honduras with the U.S. and Honduran Armies. The same thing has been taking place in Puerto Rico. They have the same arrangement in South Carolina and in the Panama Canal Zone. All of this is part of the military preparations [words indistinct] that have been reported by the international press. In other words, these conditions have already been created; that is, the military conditions for an intervention.

[Reporter] I have another question. What is Nicaragua expecting from this round of consultations with the Contadora Group countries?

[Ramirez] Well, we hope to be listened to because Contadora must [word indistinct] with negotiations and it must face this aggressive U.S. policy. In order to make room for negotiations, it must also stop the (?interventionist) hand of the United States. There would be no sense in continuing a negotiation process while the Nicaraguan people are fighting, fighting against a foreign intervention here in their own fatherland. Thank you.

[Reporter] Those were statements by Vice President Sergio Ramirez Mercado upon returning from a tour of three Contadora Group member countries: Panama, Venezuela, and Colombia.

Seeks Help To Resume Talks

PA271713 Managua Radio Sandino Network in Spanish 1200 GMT 26 Jun 85

[Text] Nicaragua has again asked Contadora Group members to urge the United States to resume the Manzanillo talks. Vice President Sergio Ramirez Mercado stated this after a meeting with Colombian President Belisario Betancur in his tour of the Contadora Group countries. We now have exclusive statements by Ramirez Mercado from Bogota:

[Begin recording -- in progress] ...This is the reason for our tour of consultation with Contadora Group countries. We believe the danger of a military intervention hovers over Nicaragua now more than ever. For this reason, we are taking the necessary steps to eneable us to counter a direct military intervention of any kind. We are insisting again that bilateral talks with the United States must be resumed. We are asking the Contadora Group countries to urge the United States to reopen these talks, which we feel are very necessary because of the conditions we are enduring.

When we talk about the imminence of a direct U.S. aggression against Nicaragua, it does not mean that we are speaking of an hour or date for it, and when this hour or date doesn't come [words indistinct]. We are saying that the conditions for an aggression against the country and the dangerous nature of the times have increased. This leads us to conclude that the danger is now greater. We are not obstructing the Contadora process. On the contrary, we are interested in the completion of this process.

We believe that, so far, the attitude of the U.S. Government has been to obstruct the Contadora efforts [word indistinct] since the signing of the 7 September 1984 document was obstructed. This is a document that only Nicaragua was willing to sign. We are determined to counter and reject any military aggression, regardless of how it is presented to us. [end recording]

Pleased With Contadora Contacts

PA280127 Paris AFP in Spanish 2149 GMT 27 Jun 85

[Text] Caracas, 27 Jun (AFP) -- Nicaraguan Vice President Sergio Ramirez said today that he is returning to Nicaragua very optimistic about the results of his contacts with Contadora Group member nations. He also indicated that the Sandinist government is urgently calling for the renewal of the dialogue with the United States. Ramirez, who is on an official 2-day visit to Venezuela, met with President Jaime Lusinchi and Foreign Minister Simon Consalvi, with whom he mainly discussed the continuation of the Contadora Group's efforts for peace in Central America.

After the official meetings, Ramirez met with the press at the headquarters of SELA, which condemned the economic boycott imposed by the United States against Nicaragua 2 months ago. Ramirez said that the dialogue between the United States and Nicaragua was called off long ago, but he added that "a number of new negative elements have appeared since the United States unilaterally decided to suspend the Manzanillo talks unilaterally," such as the economic boycott and the millions in aid approved to finance the counterrevolutionary forces operating outside Nicaragua. "The current situation is more critical. We are insisting that the U.S. Government return to the discussion table in an effort to ease the tension of the conflict," he said.

He pointed out that the Sandinist government believes that dialogue is essential, and added that his country's real problem is more political than economic, despite the fact that the embargo has considerably affected the private sector of the Nicaraguan economy, especially the manufacturers. Asked about the latest action of the "contras" and the economic aid they were granted by the United States, Ramirez noted that Nicaragua has defeated the counterrevolution militarily. Questioned on the threat of a U.S. invasion of his country, he said: "We do not want to be invaded. We are not macho men bragging about military might, but we are prepared for any eventuality, and we are well-organized."

He noted that SELA's decision to condemn the economic boycott was a specific resolution, but that a more vigorous continental action is necessary to deal with the U.S. and IMF economic policies. He suggested, for example, nonpayment of the foreign debt under the conditions they demand. He added that the efforts of the Sandinist government in the socialist nations resulted in $400 million in special aid, which "constitutes an important contribution to our economy."

PRESENCE OF TANKS RESPONSE TO U.S. POLICY

PA271620 Managua Radio Sandino in Spanish 1930 GMT 26 Jun 85

[Station commentary]

[Text] The presence of T-55's on Managua's main streets is not the result of an isolated or incoherent decision by the Nicaraguan Government but the logical response to the aggressive policy the Reagan administration has been applying against this country. This is a policy that grew following the U.S. Congress' approval of $27 million more for the mercenary Somozist counterrevolution.

On various occasions President Daniel Ortega, together with other FSLN members, has reported each of the steps that Reagan has taken against Nicaragua that can only lead to a direct intervention. In view of the U.S. Congress' decision to approve $27 million for more and bigger crimes against the Nicaraguan people, President Ortega and the FSLN National Directorate announced that, in view of this situation of an imminent aggression, Nicaragua must increase its efforts to comply with national defense tasks and strengthen all defense mechanisms to be ready to reject, resist, and defeat a possible direct intervention by U.S. troops.

Later, in the face of the presence of 1,200 Yankee soldiers in Honduras, Humberto Ortega, commander of the revolution and Armed Forces commander, said that the Reagan administration continues to follow the path to a direct intervention to try to destroy this revolution.

In view of the recent incidents in Lebanon and El Salvador against U.S. citizens, Sandinist leaders expressed concern because similar incidents led the United States to intervene directly in Grenada in 1983.

Although the revolutionary government has implemented measures against a possible intervention, Nicaragua wants peace and is doing everything possible to consolidate dialogue and peace in Central America. However, it has announced that it is determined to see that this revolution has all the conditions needed to maintain the country's sovereignty and defense.

REPORTAGE ON RUIZ' PARTICIPATION AT CEMA MEETING

Holds Press Conference

For the Warsaw PAP version of the remarks made by Henry Ruiz Hernandez, foreign cooperation minister, at a press conference held during the current CEMA session in Warsaw, see the Intrabloc Affairs section of the 28 June Eastern Europe DAILY REPORT.

Discusses Economic Cooperation

PA280209 Madrid EFE in Spanish 1510 GMT 27 Jun 85

[Text] Warsaw, 27 Jun (EFE) -- Nicaragua, who has received $600 million from the socialist nations since 1979, will increase its economic cooperation with the socialist common market during the 1986-90 period, Sandinist minister of foreign cooperation, Henry Ruiz, told EFE. Commander Ruiz participated for the first time in the 40th session of the Council for Mutual Economic Assistance (CEMA), which is made up by 10 countries and which concluded a 3-day meeting in Warsaw today.

Henry Ruiz affirmed that so far Nicaragua received from CEMA aid for annuities, credit, and machinery (excluding goods for development projects) in the amount of $600 million, although he did not break this figure down by countries. The minister explained that the CEMA transactions are carried out in dollars instead of rubles, because dollars are convertible and because Nicaragua is in the sphere of U.S. influence.

Ruiz told a press conference that his country will not join CEMA because it lacks a planned economy, because it is at war, and because of the great economic disparity between Nicaragua and the socialist bloc. However, he did not exclude Nicaragua's joining it in the next 4 to 5 years, at the conclusion of the 1986-90 5-year plan.

According to Commander Ruiz, the specific results of the cooperation between Nicaragua and CEMA will show up in agricultural, livestock, and pedagogic projects. In this respect, the Nicaraguan official noted that the socialist aid will go into an irrigation project for 36,000 hectares of land to be used for the production of basic grains and cotton.

In addition, it will provide the means for the construction of a textile complex with a production of 3 million tons of cotton, for the development of the dairy industry, and for the improvement of the cattle industry.

Nicaragua will also receive socialist assistance in the education sector through scholarships for some 10,000 students in the next 5 years, the Sandinist leader added. Henry Ruiz also pointed out that his country is waiting for $45 million offered by the socialist countries to finance investments in the textile sector. The countries included in this plan for an investment of a total of $60 million would be Czechoslovakia, the GDR, the USSR and, possibly, India.

Referring to the economic sanctions imposed by the United States, Commander Ruiz said that because of the embargo, 25 percent of the gross national product is spent on defense expenditures, 54 percent on public expenditures and, in addition, it has seriously limited activities in the agricultural and livestock sectors.

Finally, Commander Ruiz reiterated that Nicaragua is a nonaligned country; that it intends to create a popular democracy, but that the path to peace has become difficult due to the U.S. policy of aggression and destabilization.

GDR GRANTS $40 MILLION IN ADDITIONAL CREDITS

PA280440 Managua Radio Sandino in Spanish 1750 GMT 26 Jun 85

[Text] Rodrigo Cardenal, Nicaraguan ambassador to the GDR, has reported that the GDR has granted Nicaragua another $40 million in credits so that Nicaragua can face the U.S.-imposed trade embargo. The GDR economic assistance has been aimed at the development of agricultural, industrial, and health programs. Cardenal added that the Nicaraguan-GDR mixed commission will meet in Managua in September to renew cooperation agreements.

BRIEFS

GDR TRANSPORTATION AGREEMENT -- The Transportation Ministry has signed an agreement with a GDR enterprise whereby the GDR will provide Nicaragua with 300 vehicles in an effort to solve the transportation crisis. The agreement was signed by Deputy Transportation Minister Mario Salinas who returned from a tour of the GDR, Hungary, and Spain. The vehicles include four-wheel drive trucks and passenger buses. The agreement includes spare parts and technical assistance. [Summary] [Managua Radio Sandino in Spanish 1930 GMT 28 Jun 85 PA]

CASTRO SENDS MESSAGE TO POLAND'S JARUZELSKI

FL282205 Havana Domestic Service in Spanish 1829 GMT 28 Jun 85

[Text] Carlos Rafael Rodriguez, vice president of the Cuban Councils of State and Ministers, gave Polish Prime Minister Wojciech Jaruzelski a personal message from Cuba's Commander in Chief Fidel Castro. Rodriguez met with Jaruzelski during his trip to Poland for the 40th CEMA meeting. The Cuban official ended his stay in that socialist European country today.

MINISTERS COUNCIL, MINISTRY CHANGES ANNOUNCED

FL011153 Havana Television Service in Spanish 1100 GMT 1 Jul 85

[Text] The Cuban Council of State has reached the following decisions:

1. To relieve Comrade Humberto Perez Gonzalez of his post as vice president of the Council of Ministers and minister president of the Central Planning Board [Juceplan]. Comrade Perez Gonzalez will be assigned other duties.

2. To appoint Council of Ministers Vice President Jose Lopez Moreno minister president of the Juceplan.

3. To appoint Comrade Raul Cabrera Nunez minister of construction. He had been holding the post of first vice minister of construction.

RISQUET RELAYS CASTRO GREETINGS TO SYMPOSIUM

FL291500 Havana Domestic Service in Spanish 1000 GMT 29 Jun 85

[Text] Greetings from Commander in Chief Fidel Castro were transmitted by Jorge Risquet, Politburo member, to the persons attending the symposium being held in Havana on the role of the trade union movement in the economic and labor education of the workers. In his closing words, Risquet said the symposium contributed to determining with greater objectivity the trade unions' ideological formation and the role they play. The Politburo member said the symposium was the result of a tenacious effort made at the grassroots level to study with scientific rigor and common sense the subject of the economic and labor education of the workers.

Closes Symposium

FL290132 Havana Domestic Service in Spanish 2300 GMT 28 Jun 85

[Report by correspondent Juan Vinza]

[Text] Jorge Risquet Valdes, member of the party's Politburo and of the Central Committee Secretariat, has closed a 2-day symposium on the trade union movement's role in the workers' economic and labor education, held at the national headquarters of the Central Organization of Cuban Trade Unions. After stressing how successful the event had been, Risquet Valdes commented on the economic war in which Fidel has asked all our people to engage.

[Begin recording] We will have only what we are capable of producing, both individually and socially. Each worker's income will be strictly related to the results of his work and his contribution to society, and the country as a whole will advance in accordance with the efficiency of the productive effort. [end recording]

FLAVIO BRAVO, DELEGATION RETURN FROM BRAZIL

FL280205 Havana Domestic Service in Spanish 0000 28 Jun 85

[Text] Flavio Bravo, president of the National Assembly of the People's Government, has returned to our country from leading the delegation that participated in the 7th interparliamentary meeting of Europe and Latin America and at the 11th regular assembly of the Latin American Parliament. Both events were held in Brazil. Outstanding among the important agreements reached at the regular assembly of the Latin American Parliament are Cuba's admission as a full member and the convocation of a special conference on the foreign debt, which will be held in Uruguay in October.

MONTANE RECEIVES FRENCH COMMUNIST ROLAND LEROY

FL281254 Havana Television Service in Spanish 1102 GMT 28 Jun 85

[Text] Jesus Montane Oropesa, alternate member of the Politburo and member of the Central Committee's Secretariat, has received Roland Leroy, member of the Politburo of the French Communist Party and director of the newspaper L'HUMANITE, with whom he exchanged viewpoints of mutual interest on the international situation.

URUGUAYAN COMMUNIST PARTY DELEGATION VISITS

PA291316 Havana International Service in Spanish 0000 GMT 26 Jun 85

[Text] A Uruguayan Communist Party delegation headed by its deputy secretary general, Jaime Perez, visited the city of Santiago de Cuba today accompanied by Army General Raul Castro, minister of the Revolutionary Armed Forces and second secretary of the Cuban Communist Party. The delegation is also comprised of Jorge Mazzarovich, organization secretary of the Uruguayan Communist Party. The visitors toured places of historical and tourist interest and placed a wreath on the mausoleum in the Santa Efigenia Cemetery where the remains of Cuban national hero Jose Marti are located.

VEIGA GRANTS PRESS CONFERENCE ON AREA DEBT

FL290152 Havana Domestic Service in Spanish 2130 GMT 28 Jun 85

[Text] Mexico City -- The principal Mexican newspapers published today statements made by Roberto Veiga, secretary general of the Central Organization of Cuban Trade Unions, at a press conference in Mexico City. EXCELSIOR's 3-column headline read: Sooner or Later the Foreign Debt of Latin America Will Not Be Payable. According to the newspaper, Veiga stressed: It is a sinking ship and we are all in it. The alternatives are: Either we unite or we sink.

AFP CORRESPONDENT EXPELLED FROM COUNTRY

PA292309 Madrid EFE in Spanish 2250 GMT 29 Jun 85

[Text] Havana, 29 Jun (EFE) -- Andre Birukoff, AFP correspondent in this capital, was expelled from Cuba and must leave the country today, the newsman told EFE today. They have accused me of committing an outrage against the Cuban women and the nation in a chronicle which I wrote. I must leave the island in 3 hours, Birukoff said, shortly before being escorted by the police to the Jose Marti Airport of the Cuban capital. It appears an unfair measure to me; they do not permit a newsman to do his normal work, he added. The AFP correspondent will leave Cuba at approximately 2030 this evening (1230 GMT). [as received]

JAMAICA

LIFE BACK TO NORMAL AS STRIKE 'PETERS OUT'

FL282145 Bridgetown CANA in English 2110 GMT 28 Jun 85

[By Paget Defreitas]

[Text] Kingston, Jamaica, Jun 28, CANA -- Life in Jamaica was largely back to normal today as a five-day old nationwide strike was petering out despite a call by trade unions to continue the protest at government's austerity policies.

Five of the six major unions which called the strike decided at a rally last night to continue the stoppage but the powerful government-aligned Bustamante Industrial Trade Union (BITU) sent no representative. BITU vice president, Lascelles Beckford, said it had not pulled out of the strike, but indicated that the union was seeking another method of consulting its members.

A large-scale return to work which began yesterday continued today and most banks and government offices were open.

At the same time, church leaders who have offered to mediate between the unions and government have been unable to organise a meeting with Prime Minister Edward Seaga and one of them accused him of intransigence. I am left with the impression that the prime minister's attitude is the greatest obstacle to the resolution of this crisis, and I would dare add to the development of the nation, Jamaica Council of Churches (JCC) general secretary, the Rev Edmund Davis, declared on a radio phone-in programme. Davis complained about several vain efforts at mediation even before the rally in Kingston at which the leaders of the five unions said they had received the mandate to continue the stoppage.

Last night National Workers Union (NWU) Vice President Clive Dobson said the government must raise its offer of pay increases to the public sector, and that no lay-offs take place without consultation with workers.

The strike was triggered by the unions' demand that Seaga increase the 10 per cent wage offer to public sector employees and halt his plans to sack thousands of public sector workers this year. They also called for a slow down of rapidly rising prices. But Seaga rejected any changes in his overall economic strategy, though indicating he would be willing to implement measures to ease the burdens if the unions were able to identify the possibility within existing constraints.

Some offices and factories remained short-staffed or idle today, but soldiers took over the hauling of petrol from the state-owned oil-refinery to service stations. Soldiers were also still manning fire stations and helping to perform some duties at hospitals where some ancilliary workers are still off the job.

At its height Monday and Tuesday the strike caused a near total shut-down of industry and commerce and an absence of electricity and water. It was the first general strike organised by trade unions in Jamaica's history and the most pervasive industrial action since the anti-colonial uprisings of the 1930's.

It was also significant that it brought together unions of all political stripes. However, analysts here say the unity was always fragile, noting that the BITU would be uncomfortable with any action so severe and prolonged that it might bring down the government. The BITU's substantive president is Hugh Shearer, Seaga's deputy and foreign minister, though Beckford is in charge of the day-to-day running of the organisation.

UDENHOUT RESIGNS, NEW CABINET MEMBERS NAMED

FL281154 Bonaire Trans World Radio in English 1130 GMT 28 Jun 85

[Text] The prime minister of Suriname, Willem Udenhout, has resigned and the military government is expected to name a new cabinet today. This is the third cabinet that has resigned since military Commander in Chief Desire Bouterse took over in a coup in 1980. Colonel Bouterse has attempted to form a government with the cooperation of trade unions and businessmen. There have been no elections in the last 5 years in Suriname.

New List of Members

FL281948 Bridgetown CANA in English 1910 GMT 28 Jun 85

[Text] Paramaribo, June 28, CANA-REUTER -- The official SURINAME NEWS AGENCY today named the country's new cabinet following a reshuffle yesterday.

Army commander, head of state -- Lieutenant Colonel Desi Bouterse
Prime minister -- Wim Udenhout
Foreign minister -- Eric Tjon Kie Sim
Interior minister -- Jules Wijdenbosch
Army and police -- Wilfred Maynard
Finance and planning -- Norman Kleine
Natural resources and energy -- Kenneth Koole
Trade, industry and transport -- Imro Fong Poen
Agriculture -- Radjkoemar Randjietsing
Public works and communications -- Cyril Ramkisoor
Labour - Edmund Dankerlui
Social affairs -- Ruben Strowidjojo
Education -- Allan Li Fo Sjoe
Health -- Robert Van Trikt
Justice -- Soebhas Punwasi

Unions, Private Sector Represented

FL282025 Bridgetown CANA in English 2000 GMT 28 Jun 85

[Text] Paramaribo, Suriname, June 28, CANA-REUTER -- Suriname Prime Minister Wim Udenhout returned to office at the head of a new cabinet today following a reshuffle ordered by the country's military ruler, Colonel Desi Bouterse. Udenhout's first cabinet resigned last week after only six months in office to enable Bouterse to make substantial changes following the resignation of three ministers in April. The new government, Suriname's seventh since Bouterse came to power in a 1980 coup, contains five new ministers and nine from the previous administration. Bouterse told a press conference yesterday that it would serve for the remainder of a 27-month transition period, during which a nominated national assembly is due to draw up a new constitution for this former Dutch colony. Like the previous cabinet, Suriname's new administration includes representatives of the trade unions and private sector business as well as civilian supporters of the 1980 coup. The revolution must have as broad a popular base as possible, Bouterse said. However, C-47, the most powerful of Suriname's four trade union groupings, has not been included in the new government. Although Udenhout continues to lead the new cabinet, he no longer has responsibility for foreign affairs, which passes to Eric Tjon Kie Sim, the former minister of natural resources. Bouterse said this move would enable Udenhout to concentrate on the task of cabinet coordination, while allowing Suriname to give greater depth to its foreign policy. However, Suriname's foreign policy will not undergo any fundamental changes, he added, noting that relations with the United States had improved recently, while those with the Netherlands continued to deteriorate.

Relations with the Netherlands have been cool since 1982, when The Hague suspended a 1.5 billion dollar aid programme to Suriname in protest at the Army's execution of 15 opposition leaders. Seven ministers in the new government retain their former portfolios, including Norman Kleine in finance and planning, Imro Fong Poen in trade, industry and transport, Edmund Dankerlui in labour, and Wilfred Maynard in national security.